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Andropov Reveals New Offer on Arms, Warns of Impasse

By Dusko Doder

MOSCOW — President Yuri V. Andropov announced new arms control proposals Wednesday to demonstrate Soviet "flexibility" but said categorically that the Geneva talks would collapse when U.S. medium-range nuclear missile deployments begin in Western Europe.

In an apparent attempt to induce delay in the U.S. deployments, which are scheduled for December, Mr. Andropov said the talks would continue if the United States "renounced the deployment of its missiles in Europe within the announced deadlines."

Mr. Andropov disclosed that Moscow was prepared to cut down to "about 140" the number of its SS-20 missiles in the European theater. This, he added, "is noticeably less" than the combined number of French and British nuclear delivery systems.

Previously, the Russians had insisted on retaining 162 SS-20s, or the total number of French and British systems.

Mr. Andropov reaffirmed his earlier assertion that Moscow would "liquidate" all other missiles in Europe if an agreement were reached at Geneva, and he went a step further by asserting that no new SS-20s would be deployed in the Asian part of the country.

The Soviet leader said he was prepared to show "additional flexibility" on the question of medium range nuclear-capable aircraft. He said Moscow did not want to "undercut" the United States on this issue although the Soviet Union did not have similar aircraft in third countries capable of reaching the United States.

The package was interpreted by Western specialists in Moscow as containing both "cosmetic" and substantive changes.

[A U.S. Embassy spokesman in Moscow said the proposals were unacceptable because they were conditional on a U.S. decision not

to deploy the missiles, The Associated Press reported.]

The timing of Mr. Andropov's proposal was significant as it came during divisions within the Western alliance over the U.S. invasion of Grenada. It also coincided with a series of anti-nuclear demonstrations in Western Europe and was presumably designed to increase pressure on West European governments to seek a delay in U.S. deployment.

But the substantive shifts appear to have been designed to precede the West German debate next month on deployment.

Russian Gives Deadline

The chief Soviet delegate at the medium-range missile talks with the United States, Yuri A. Kvitsinsky, told West German disarmament experts Wednesday that the negotiations would become pointless after Nov. 22. The Associated Press reported from Geneva.

Egon Bahr, chairman of the Bundestag's arms control subcommittee, said that meetings with Mr. Kvitsinsky and the chief U.S. negotiator, Paul H. Nitze, made it clear that "there is no chance for an accord before the deployment" of Pershing-2 and cruise missiles begins.

However, Mr. Kvitsinsky told Mr. Bahr and 14 other experts that the Soviet Union was assuming that deployment was to begin Nov. 22, one day after the Bundestag is to hold its final debate on the issue.

"He told us that the Soviet Union regards this as the watershed date after which negotiations would be pointless," Mr. Bahr said.

He also stressed that both sides had given up hope of eventually reaching an agreement but they "no longer expect a result before the deployment starts."

After that, they took different roads," Mr. Bahr said. The Americans, he said, had expressed willingness to continue to negotiate, while the Russians said talks would become pointless after the deployment began.



Soldiers from Caribbean nations that supported the U.S. invasion of Grenada prepare to board U.S. planes en route to the island at the staging point at the airport in Barbados.

British Aide Refuses to Condemn U.S. Most European Allies Express Shock at Assault on Island

Compiled by Our Staff From Dispatches

LONDON — Britain's foreign secretary, Sir Geoffrey Howe, refused Wednesday to condemn the U.S.-led invasion of the Commonwealth Caribbean island of Grenada and said it must not weaken Britain's close ties with Washington.

He was speaking in a debate in Parliament, where the Labor Party opposition proposed a motion condemning the invasion of the former British colony and said Britain should refuse to station 160 U.S. medium-range missiles on its territory.

Labor's foreign affairs spokesman, Denis Healey, called the invasion a catastrophic blunder and the failure of the British government to prevent it an unforgivable dereliction of duty.

Accusing Prime Minister Margaret Thatcher of servility to President Ronald Reagan, he urged her to "get off her knees" and join with other U.S. allies in trying to moderate U.S. policies.

He accused her of being "an obedient poodle" to President Reagan. Outside Britain, the United States found little international support Wednesday for its surprise action in Grenada. Many of its strongest allies joined traditional foes in expressing shock, regret and condemnation.

Officials in France, West Germany, Italy and Sweden were among those to criticize the invasion. France was particularly blunt in its outright condemnation of the U.S. move.

The Council of Europe, comprising 21 major West European nations, said public opinion on the continent "will find it hard to reconcile" the invasion with the principles of international law.

Sir Geoffrey said Britain had not felt an invasion was warranted to protect its own 250 citizens on Grenada, but the United States had taken a different view, Washington intended to pull on its troops however, he added.

"What happened in this case must not be allowed to weaken the essential fabric of our relationship with the United States," Sir Geoffrey said.

Mr. Healey accused Mr. Reagan of "global unilateralism" and said the invasion of a former British colony which had Queen Elizabeth II as its head of state must make Britain reject the 160 U.S. cruise missiles about to be installed.

Sir Geoffrey said there was no connection between the two issues. But he agreed the U.S. decision to invade "may be a matter of regret" and added: "The extent of the consultation was regrettably less than we would have wished."

Rejecting allegations that he misled Parliament earlier, Sir Geoffrey added that Mr. Reagan sent two messages to the British government on Monday, one saying he would consult Britain before acting and the second saying he had decided to go in.

Speaking of Mrs. Thatcher, Mr. Healey told the House of Commons, Britain's lower house of Parliament: "It is time she got off her knees and joined other allies who

(Continued on Page 2, Col. 4)

U.S. Says 600 Cubans Captured on Grenada

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S.-led invasion force on Grenada has captured 600 Cubans, rescued 70 Americans and is "moving against the remaining few objectives," Defense Secretary Casper W. Weinberger said Wednesday.

"The operations are progressing very well," Mr. Weinberger said at the Pentagon. "The army and the Marine Corps are moving against the remaining few objectives against diminishing Cuban resistance."

On Wednesday morning, the United States landed 800 more paratroopers plus heavy arms on Grenada to bolster the invasion force.

The 1,900 U.S. soldiers who landed Tuesday, backed by 300 troops from six Caribbean nations, fought Cubans and Grenadians in house-to-house combat throughout the morning in the capital of St. George's, Western diplomats said.

A Cuban government announcement in Havana said six U.S. helicopter gunships attacked Cuban positions on Grenada before dawn Wednesday, destroying the Cubans' main building at the Point Salines airfield. It said the last six Cuban defenders at the field "sacrificed" themselves rather than surrender.

Mr. Weinberger said some Cubans were continuing to fight. He said the U.S.-led forces had taken

600 Cuban prisoners and that there were 20 wounded Cubans.

"We have rescued and are transferring back to the United States the first group of Americans," Mr. Weinberger said, noting that the first group of about 70 was being flown to Charleston, South Carolina. The Associated Press reported late Wednesday that the first group had arrived.

In reports on the fighting, the Barbados state-owned Caribbean Broadcasting Co. said at least 30 Cubans were killed during the attack. Cuban Ambassador to Argentina, Emilio Aragonés Navarro, said Wednesday in Buenos Aires that dozens of Cubans have been killed.

Pentagon sources said 6 U.S. troops had been killed, 8 were missing and 33 wounded in fighting.

A reporter for the British Broadcasting Corp. said Grenadian troops were holding hostages at the Fort Rupert army base as a deterrent against attack.

Mr. Weinberger declined to be pinned down on when 2,700 U.S. troops would withdraw. "I hope we're talking about days or weeks," he said.

He said to "secure the safety of the Americans" on the island was the primary objective to be achieved before the force is withdrawn.

Sources on the island said Grenada's army commander, General

Hudson Austin, and the deputy prime minister, Bernard Coard, who seized power in a coup two weeks ago, had apparently sought refuge in the Soviet Embassy.

Western diplomatic sources told United Press International that Grenadian soldiers from the People's Revolutionary Army were sniping at the invading forces in the capital.

Mr. Weinberger said there was one "major" stronghold of resistance: "Richmond Hill, and that was defended by both Cubans and Grenadians." He said there were "other pockets" of resistance.

General John W. Vessey Jr., chairman of the Joint Chiefs of Staff, said there was "organized resistance" at the second campus of the St. George's Medical College, which has about 600 American students, and Richmond Hill.

Asked if the students were hostages, Mr. Weinberger said, "They couldn't go in or out of building without getting killed."

He said the 600 Cuban prisoners included a Cuban colonel, Vessey said they were "not prisoners of war."

Mr. Weinberger also said the ceremonial British governor-general, Sir Paul Scoon, had been freed from prison and flown by helicopter to a U.S. ship.

Mr. Weinberger said there were about 30 Russians on the island, (Continued on Page 2, Col. 1)

Managua Expected to Suffer Most In Aftermath of Grenada Invasion

By Richard J. Meislin

New York Times Service

MEXICO CITY — The invasion of Grenada by a U.S.-dominated force is likely to have effects far beyond the shores of the island, particularly in Nicaragua, Western and Latin American officials and diplomats said Tuesday.

[In New York, the United Nations Security Council was to resume debate on the crisis Wednesday. The United States engaged in acrimonious debate with Latin American countries in a session ending early Wednesday morning.]

Several of the reasons President Ronald Reagan gave in explaining his decision to send troops to overthrow Grenada's new military junta, among them the discomfort of its neighbors and a desire for the restoration of democratic institutions, "could be applied as easily to Nicaragua's Sandinist government, the officials said.

The Reagan administration's willingness to use U.S. troops to achieve those goals, several diplomats said, is likely to raise the anxiety of officials in Managua, where the government is already feeling the pressure of actions by U.S.-backed rebels.

"It was a little warning," a Mexican official said.

But officials in the region pointed out as well that the killing of Grenada's prime minister, Maurice Bishop, by the military officials who overthrew him provided a catalyst for the close-knit Caribbean region that does not exist in Nicaragua.

Although hard evidence of Cuban involvement in the overthrow of Mr. Bishop has not been made public, some officials in the region speculated that the Cubans may have encouraged a change of government beyond their control.

"That's so typical of the Caribbean region: you don't have those things going on in this area," a Western embassy official in the region said of Mr. Bishop's assassination. "It may have gone further than they intended."

While Nicaragua was quick to



Fidel Castro denounced the U.S. invasion as "treacherous, criminal." Page 3.

react, calling for an emergency meeting of the Security Council, response Tuesday from Cuba was muted.

The Cuban press agency, Prensa Latina, issued reports on the fighting but made no general policy statement.

The government of Fidel Castro, which had warm relations with Grenada under Mr. Bishop, appeared to cool to the military takeover after his death last week.

In a statement Friday, the Cuban government and Communist Party declared that "no doctrine, no principle, no position proclaimed as revolutionary and no internal division can justify savage methods such as this physical elimination of Maurice Bishop."

The anger expressed by Havana over the killing of Mr. Bishop, some diplomats said, may have reduced the chance for a strong reaction from Cuba to the U.S. invasion.

In Managua, Nicaragua's foreign minister, the Rev. Miguel Escoto Brockmann, summoned the diplomatic corps to his office Tuesday morning and read a com-

munique saying the invasion was "a new demonstration of imperial arrogance" by the United States.

Appeal by UN Chief

At the United Nations, Secretary-General Javier Pérez de Cuellar Wednesday warned against escalation of military actions in Grenada that might spread the fighting in the region.

In his strongest appeal yet and without naming the United States or its six Caribbean allies, Mr. Pérez de Cuellar appealed "to all concerned in the strongest terms to refrain from any actions not in conformity with the purposes and principles of the charter of the United Nations."

Tuesday night, the United States clashed sharply with Latin American countries at an urgent session of the Security Council.

Representatives from Mexico, Nicaragua, Guyana and Grenada itself assailed the United States for its invasion of Grenada.

"We have no desire to fight with the United States," Ian Jacobs, a representative of Grenada, said.

Mr. Jacobs, who asserted that the American invasion had so far caused 700 deaths, continued: "It is very clear that in today's world, the United States has decided that might is right, that nobody has the right to decide its own destiny unless the United States decides that it is the right destiny."

The deputy foreign minister of Nicaragua, Victor Hugo Tinoco Fonseca, contended that the invasion was an example of "the danger that the expression of the vital interests of the United States has come to mean for those states that have moved beyond its orbit."

In reply, Jeanne J. Kirkpatrick, the U.S. delegate to the United Nations, accused the Nicaraguan delegate of projecting his country's own wish to interfere in the affairs of neighboring countries onto the United States.

Nicaragua, Mrs. Kirkpatrick said, "is trapped in the — Thomas Hobbes said it — restless striving for power that ceases only with death." (NYT, UPI)

Ambassador From Jordan Shot in Rome

Compiled by Our Staff From Dispatches

ROME — Gunmen shot and seriously wounded Jordan's ambassador to Italy, Taysir Aladein Toukan, and his driver Wednesday, one day after a similar attack on the Jordanian envoy to India.

The assailants escaped after a gunbattle with the ambassador's two bodyguards, who were following in another car. Police said they found 27 shells at the scene.

Police said Mr. Toukan was rushed to hospital with seven bullet wounds in the shoulder, one hand and both legs and underwent emergency surgery. Doctors said he was not on the danger list.

They said his Egyptian driver, Hamdy Mohammed Hidar Doud, 33, who was shot twice in the chest and shoulder, was in more serious condition.

An anonymous caller to the Italian press agency ANSA said a struggle was responsible for the shooting.

The gunmen ambushed the ambassador at the corner of Viale Liegi and Via Paraguay in Rome's elegant Parioli district, pulling their car alongside his as he was being driven the short distance from his embassy to his residence for lunch, police said.

An Italian Foreign Ministry spokesman said he had been informed of the attack on Mr. Toukan but had no further details.

Rome has frequently been the scene of Arab guerrilla attacks in the past 10 years.

The last was on June 17, 1982, when the deputy chief of the Palestine Liberation Organization office in Rome and another Palestinian were killed in separate attacks.

On Tuesday, an unidentified gunman shot and critically wounded the Jordanian ambassador to India, Mohammed Ali Kourme, outside his residence in New Delhi.

An Indian Foreign Ministry spokesman said he suspected that the shooting was "part of the overall terrorism connected with the Middle East."

The assailant fired six shots with an automatic weapon as the ambassador walked from the Jordanian Embassy to his home in New Delhi's diplomatic district. He had been in India for only a month. The gunman escaped by taxi.

Indian police continued their search for the gunman, described by witnesses as Middle Eastern in appearance.

Mr. Kourme was moved out of the intensive care unit of the hospital and pronounced "out of danger" Wednesday, an official said. (UPI, Reuters, AP)



BUSH IN BEIRUT — Vice President George Bush, in a flak jacket and steel helmet, listened Wednesday to General Paul Kelley, Marine Corps commandant, on a visit to the bombed marines' headquarters in Beirut. Page 2.

French Call for Creating New Lebanese UN Force

Reuters

PARIS — France urged Wednesday that a new United Nations force be sent to Lebanon.

Prime Minister Pierre Mauroy, in an address to the National Assembly, made a strong appeal for greater international involvement in efforts to resolve the Lebanese conflict.

The appeal was made after Sunday's bombing attacks on the French and U.S. contingents in the multinational peacekeeping force.

Mr. Mauroy, who spoke as France and its three partners in the peacekeeping force were preparing for talks Thursday in Paris, reaffirmed his government's commitment to a strong and united Lebanon. He added, however, that France's efforts should be supported, expanded and as far as possible superseded by a more marked involvement by the international community.

In this context, he said, France welcomes the proposed deployment of Greek and Italian observers in the Chouf mountains outside Beirut but insists that this move be linked to action by the UN.

After the latest cease-fire in the Lebanese civil war was declared Sept. 26, France and its partners in the peacekeeping force — the United States, Italy and Britain — proposed that the United Nations play a role in supervising the truce.

Syria, however, has rejected the

idea of UN observers for the cease-fire. Moslem leaders in Lebanon have approved the use of observers from any nation in the European Community with the exception of France.

Mr. Mauroy did not elaborate on his suggestion for a new UN force, apart from saying that it would contribute to the success of the national reconciliation talks between the Lebanese factions that are scheduled to open Monday in Geneva.

The prime minister was warmly applauded when he expressed condolences for those who died in Sunday's suicide attacks.

French officials said the four peacekeeping nations were expected to reaffirm at Thursday's conference their resolve to keep troops in Beirut.

Meanwhile, a poll published Wednesday indicated that the bombing attacks had led to a swing in French public opinion in favor of the Lebanon peace force. In addition, military officials said scores of volunteers had offered to replace the French soldiers who died.

The poll, published in Le Quotidien de Paris, said 51 percent favored continued French participation in the force. In a similar survey last month, 56 percent said they were opposed.

The poll said 81 percent of those interviewed approved of President

(Continued on Page 2, Col. 1)

Afghan 'Che Guevara' Works to Rally Rebel Factions Against Russians

By William Branigan

Washington Post Service

BAZARAK, Afghanistan — Ahmed Shah Massoud stepped out of his new Soviet-built black Volga sedan and was immediately surrounded by villagers. As he stopped to chat, some passed handwritten notes to him, like petitions seeking dispensation from a ruler.

Despite his relative youth in a country where authority and influence usually come with a gray beard, Mr. Massoud, who just turned 30, is clearly in charge here. And his writ appears to be spreading beyond the Panjshir Valley.

Since the Soviet Union intervened in Afghanistan nearly four years ago, Mr. Massoud has built a reputation as the ablest guerrilla commander in the Afghan resistance. Six times his Islamic mujahidin guerrillas have repelled attempts by Soviet and Afghan Communist forces to occupy this strategic valley 40 miles (65 kilometers) north of Kabul in the Hindu Kush mountain range.

In defending the Panjshir, the charismatic former engineering student has demonstrated talents for planning, organization and leadership that have led some observers to call him the Che Guevara, or even the Tito, of Afghanistan. He is widely seen as the leading hope for forging some kind of practical unity among Afghanistan's fractious resistance groups and escalating the military pressure on the Soviet occupation forces.

Whether Mr. Massoud lives up to that reputation may depend in large part on political skills that are currently being tested. For with his fame has come controversy and considerable sniping from rival factions headquartered in the Pakistani frontier town of Peshawar.

Most controversial has been his acceptance of a

truce that he says was offered by the Russians earlier this year. He clearly has used it to advantage, building up his organization in the Panjshir, stockpiling arms and ammunition, extending his control or influence to areas north and south of the valley, forming and dispatching "mobile groups" to attack Soviet and Afghan government forces outside the Panjshir and encouraging a resumption of farming to ensure adequate food supplies.

The truce, which took effect in mid-March and is now at an end, halted intensive Soviet bombing of the Panjshir in return for permission from the mujahidin to maintain a small Soviet and Afghan government base at Anawa near the mouth of the valley, Mr. Massoud's aides said.

Mr. Massoud said in an interview that the cease-fire offer came after the Russians suffered a particularly fierce attack on their base at Rokhneh near the southern end of the valley. The Soviet troops had been forced to withdraw from four other bases farther north that were besieged and cut off one after the other by mujahidin forces during the previous months, Mr. Massoud said.

Mr. Massoud and his top aides plainly regard the truce as a great victory. But they also make it clear that the cease-fire came as a blessing, providing a respite at

time when Mr. Massoud's forces were beleaguered by severe shortages of food, ammunition and medical supplies after a harsh winter and continuous Soviet bombardment.

"It gives high morale to the people of Afghanistan as a whole because they realize that Soviet Russia, with all its might and all its power, could not defeat the Panjshir Valley," Mr. Massoud said in an interview.

In the interview, Mr. Massoud said he would like to see the truce renewed for the time being. But there were indications that he was under some pressure from the guerrilla commanders under him to break the cease-fire and attack Anawa.

There were also signs of substantial support for this idea from the Panjshir's civilian population, despite the near certainty that an attack would bring on another wave of Soviet bombing, such is the resentment against even a symbolic Soviet and Afghan Communist presence in the valley.

Yet popular admiration and respect for Mr. Massoud seem so high that people accept his judgment on the need for more time to consolidate his base and spread his organization. Still, Mr. Massoud said he was ready to go to war again in the Panjshir if necessary.

For the Russians, the value of the truce may have lain in the calculation that it would further split the resistance and discredit Mr. Massoud, the mujahidin suggested. It may also have enabled the Soviet com-

INSIDE

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BUSINESS/FINANCE

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STYLE

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Aides Say Reagan Feared Potential Soviet Outpost in Grenada

By Bernard Gwertzman
New York Times Service

WASHINGTON — Behind President Ronald Reagan's decision to invade Grenada was his concern that the island not become either "another Iran," where Americans were held hostage for 444 days, or "another Beirut," where the United States was powerless to prevent the deaths of more than 200 marines, State Department officials say.

But in addition to these reasons, which Secretary of State George P. Shultz insisted were the paramount ones, there was an additional motivation, officials said: to rid the Caribbean of a potential outpost for Cuba and the Soviet Union and to stop what the administration perceived as a drift toward more radicalism in the region.

Some officials said the White House could not afford "another Nicaragua," the Cuban ally in Central America, while others said a more real concern was that there not be "another Surinam," the former Dutch colony in South America that was taken over by leftists last year in a bloody coup.

What the move also demonstrated was the determination of this administration not to appear passive in the face of foreign crisis. A French diplomat, who derided the Grenada invasion, said the president looked like he was "flailing around" striking the Grenadians out of his frustration with not being able to hit Damascus, Havana or Moscow.

White House officials defended the president as being suitably cautious but not wanting to run the risk of being compared with his predecessor, Jimmy Car-

ter, who may have lost the election to Mr. Reagan over his handling of the Iran hostage crisis in late 1979 and 1980.

The invasion, however, has produced a new series of problems for the administration, already faced with a crisis in Lebanon. Launching the action without advance consultation with Congress, and without the cooperation of its North Atlantic Treaty Organization

NEWS ANALYSIS

and Latin American allies, the administration has to defend itself against allegations of acting irresponsibly.

On specific issues, State Department officials worried that the Grenada invasion would not only further worsen relations with Moscow but also provide the political left in Western Europe with new ammunition to attack the deployment of U.S. missiles in coming months.

Mr. Reagan, an official said, will probably again be seen by anti-nuclear movements in Europe as someone who is too quick to shoot and who ought not to be trusted with nuclear weapons.

Administration officials said the move was prompted by the fear of the nearby eastern Caribbean islands, who, having watched Surinam turn into a scene of violence a year ago, worried that the problem might spread. They pleaded with Washington, officials said, to eliminate the radicals in Grenada and bring "democracy" there.

To help argue their case, they said the Cubans and Russians were behind the military coup last week,

officials said, even though, as Mr. Shultz said Tuesday, there was no evidence that they wanted Prime Minister Maurice Bishop killed.

"I think it is fair to say that this administration did not need too much persuading to do what it did," a State Department official said.

The actual decision to launch the invasion was heavily influenced by the swirl of events on Sunday and Monday, officials said. Mr. Reagan was being asked to decide whether to authorize plans for the invasion, while the country's concern was focused on the explosion Sunday at the marines' headquarters in Beirut.

Mr. Reagan was worried, Mr. Shultz said, that if Americans on Grenada were hurt or taken hostage within days of the Beirut deaths, he would be open to criticism that he had not acted.

Another historical analogy being discussed in Washington was that of President Lyndon B. Johnson's decision in April 1965 to send more than 20,000 troops to the Dominican Republic to make sure that a leftist government did not emerge from a conflict within that country's armed forces.

The rationale given for that intervention at first was the need to protect American lives, but as Johnson subsequently made clear, his greater concern was in preventing "another Cuba."

The Dominican Republic exercise cost Johnson the support of some key Democrats, such as Senator J. William Fulbright of Arkansas, the chairman of the Foreign Relations Committee, who accused his administration of "the arrogance of power" for its interference in other countries' affairs.

But there are officials in the State Department who say the Dominican Republic intervention was a success because it prevented a violent swing to the left and eventually produced free elections. It is this ends-justifying-the-means argument that was being offered by State Department officials on Tuesday.

Another concern arising from the invasion is whether this might be the first of several such actions, European diplomats said. For instance, what about Nicaragua?

Officials said such a move against Nicaragua was not being contemplated because of the much higher risks involved. But a high Defense Department official said Tuesday that he hoped the Nicaraguans would get "the message" from Grenada and limit their risks by stopping support for insurgents in El Salvador.

Other officials, however, said the Grenada invasion could just as well have other outcomes as well — stepped-up Soviet military support for Nicaragua and Cuba, and an increase in Soviet-backed violence in areas where the United States is vulnerable.

A senior State Department official said he expected the most trouble for the administration to come from Congress, where there seems to be little support for overseas military intervention.

He said the administration was counting on the takeover in Grenada to be relatively low-cost, with very few American casualties and an early departure of U.S. troops.

Moreover, he said, the United States is counting on the Caribbean nations who took part in the invasion to play a leading role in justifying the action, and thereby deflecting criticism from Washington.

WORLD BRIEFS

Russians Pinpointing Airliner Search

WASHINGTON (WP) — A Soviet deep-sea salvage ship is searching intensively at one spot west of Sakhalin Island, leading U.S. officials to think the Russians have found or believe they have found wreckage from the Korean airliner they shot down Sept. 1.

The U.S. officials said the Russians have surrounded their salvage ship with warships and trawlers, making it difficult for U.S. Navy vessels in the area to see what is happening. They said the State Department may reiterate a previous U.S. request for international observers to be allowed on the Soviet vessels.

The United States is close to calling off its search in the Sea of Japan for the airliner wreckage, officials said Wednesday. The officials said a final decision would probably be made by the end of this week to suspend searching after one more week, with increasingly hostile weather to be cited as the reason.

EC Considers Plan on U.K. Payments

LUXEMBOURG (Reuters) — Senior officials of the European Community on Wednesday considered a West German initiative to try to break the deadlock over Britain's financial contribution, which is one of the issues holding up reform of the group's budget.

The West German plan, announced in outline Tuesday night, tries to reconcile widely diverging views on how the financial burden should be more fairly distributed by taking elements from proposals submitted by Britain, Denmark, France and the EC's Executive Commission. This year, Britain won a rebate of about \$670 million, roughly two-thirds of its contribution.

The West German deputy finance minister, Hans Timmermann, said Bonn hoped to solve the problem of overpayments by placing an upper ceiling on payments based on the country's wealth and by relating them to gains obtained from the community's farm subsidies. Senior officials reacted cautiously to the proposals and asked for details. They were meeting for three days to prepare for ministerial negotiations next month on overhauling the community's nearly exhausted finances.

France Adopts Unemployment Curbs

PARIS (AP) — The French government adopted a package of job-stimulating measures on Wednesday aimed at curbing an expected rise in unemployment in 1984.

The measures came against a backdrop of growing concern about the unemployment rate, which is forecast to reach 10.4 percent by the end of 1984 from a current 9 percent.

One measure, opposed by labor leaders because it would not offer job security, would allow companies to hire unemployed workers under short-term contracts of six to 18 months to meet production fluctuations. Workers who have been jobless for at least three months would qualify for such contracts.

Sweden to Cut Spending, Raise Taxes

STOCKHOLM (Reuters) — Sweden's Social Democratic government Wednesday announced a program of spending cuts and tax increases designed to curb the budget deficit, hold down inflation and combat unemployment.

Swedes will have to pay more for tobacco, alcohol and cars. Subsidies on meat and cheese will be abolished, capital gains tax will be imposed on owner-occupied apartments and a turnover tax will be introduced for share transactions on the stock exchange.

The measures, presented in a bill to parliament by Finance Minister Kjell-Olof Feldt, were announced despite Sweden's economic success since the government devalued the krona by 16 percent when it came to power in October. The aim is to cut the provisional 1984 budget deficit by 7.2 billion kronor (about \$924 million) to around 90 billion kronor. This would reduce next year's deficit to 12 percent of the gross national product from an estimated 12.5 percent in 1983.

U.S. Breeder Reactor Funds Denied

WASHINGTON (AP) — The Senate refused Wednesday to spend \$1.5 billion to complete the first breeder reactor in the United States, which proponents had said held the promise of an inexhaustible supply of energy.

The Senate voted 56-40 against paying more than the \$1.7 billion it has already spent for the project, called the Clinch River breeder reactor and located near Oak Ridge, Tennessee.

Opponents of the payment said the reactor design had become outmoded since it was first approved in 1970 and argued that the plutonium fuel it would produce would increase the danger of nuclear weapons proliferation.

Opposition Leads in Israeli Elections

JERUSALEM (UPI) — The opposition Labor Party alignment was outscoring the governing Likud coalition more than 3-1 in local and city council elections, incomplete results showed Wednesday.

The incumbent mayors of Jerusalem, Tel Aviv and Haifa easily won reelection Tuesday but the race in Beersheva was headed for a runoff.

The Interior Ministry said that overall the Labor alignment had won a majority in 54 local and city councils, and the Likud in 15. Both groups, however, issued optimistic statements. The election was seen by some as a measure of the popularity of the new prime minister, Yitzhak Shamir. Others said, however, that most local contests were based on local issues.

Chinese to Give More Arms to Arafat

BEIJING (AP) — China will give emergency military aid to the chief of the PLO, Yasser Arafat, to offset Soviet aid to the Syrian faction of the PLO that has rebelled against his leadership, foreign diplomatic sources said Wednesday.

The Chinese press agency reported that the Chinese government has decided to provide "emergency material aid" to the Palestine Liberation Organization in response to Mr. Arafat's appeal.

The aid would constitute the second arms package from China since August. The contents, volume and value of the arms aid were not immediately known, but diplomatic sources said it most certainly included Chinese light and medium artillery, various guns and mortars, grenades, ammunition and other equipment.

For the Record

About 500 demonstrators marched Wednesday to the U.S. Embassy in Manila to demand the removal of the U.S. military bases in the Philippines. The protest was allowed to march after a Supreme Court decision Tuesday that overruled a government denial of a rally permit; legal sources said it was the first court decision supporting an opposition petition against the government since 1972. (UPI)

Belgium's parliament Wednesday abolished one of the country's most famous laws, its 64-year-old liquor ban, claiming it had fallen into disuse. The 1919 law forbade sale, named after a leading Socialist politician, prohibited liquor in cafes. (AP)

Bush Pays Surprise Visit to Lebanon, Says Terror Will Not Change Policy

Compiled by Our Staff From Dispatches

BEIRUT — As the death toll from Sunday's bomb attacks on U.S. and French troops in Beirut rose to 269, Vice President George Bush said Wednesday that Washington would not be swayed by "a bunch of insidious terrorist cowards."

Mr. Bush, on a surprise visit to survivors of the attack, wore a flak jacket and helmet to watch rescue

workers tear at the rubble of the four-story Marine headquarters. "We are not going to let down our friends because of terror," he said.

Latest figures put the number of U.S. servicemen dead at 216. A French military spokesman said 53 French soldiers were dead, 15 wounded and 5 missing.

U.S. positions east of the Beirut airport came under fire from mortars, small arms and anti-tank

rockets for two hours before Mr. Bush arrived but no marines were wounded, according to their spokesman, Major Robert Jordan.

Major Jordan reported that the shooting stopped after marines returned the fire with mortars. He said the firing came from an area held by anti-government Druze Muslim fighters.

Mr. Bush reaffirmed Washington's commitment to the Lebanese government and said the deaths of the members of the 1,600-man U.S. contingent would not alter U.S. policy.

"We are not going to let a bunch of insidious terrorist cowards shape the foreign policy of the United States," he said, adding, "I damn sure has not shaken the courage of these men."

The marines stepped up security at the base near the Beirut airport Wednesday, blocking access roads with school buses and oil drums and dumping piles of sand on the main approach.

The Pentagon said that the toll was Sunday's bombing surpassed the loss of life of combat troops on any single day of the Vietnam War.

The biggest single loss ever sustained by the marines was D-Day on Iwo Jima on Feb. 19, 1945, when 501 marines died. (Reuters, UPI)

■ **Shamir Blames Syria**
Prime Minister Yitzhak Shamir of Israel blamed Syria on Wednesday for the attack on U.S. marines in Beirut and said that any capitulation might lead to Soviet domination in the Middle East, United Press International reported from Jerusalem.

"We know who was behind the criminal attack in Beirut," Mr. Shamir said. "It was perpetrated by Syria and by terrorist elements acting under its aegis and enjoying an umbrella of Soviet protection."

His statement came as fighting between his forces and the Lebanese Army flared in the Chuf mountains.

The statement, issued by Mr. Jumblatt's Progressive Socialist Party, said his aides had conveyed the position to Foreign Minister Abdel-Halim Khaddam of Syria and the Saudi Arabian mediator in the Lebanese conflict, Prince Bandar bin Sultan.

A Lebanese businessman working with Prince Bandar, Rafiq Haffi, has been shuttling between Beirut and Damascus to try to bring the warring sides together in Geneva.

The statement said Mr. Jumblatt's warning had also been communicated to the U.S., Soviet and French embassies in the Syrian capital.

The Druze leader is expected to confer with the other two leaders of the Syrian-backed opposition National Salvation Front in Damascus before the conference begins.

The two are former President Suleiman Franjeh, a Maronite Christian, and former Prime Minister Rashid Karami, a Sunni Moslem.

France Urges New UN Role In Solving Lebanese Crisis

(Continued from Page 1)

François Mitterrand's visit to Beirut immediately after the attacks.

The commander of a parachute regiment that has supplied troops for the French contingent in Lebanon reported that more than 60 of his men had volunteered to replace those who died.

Colonel Jean-Claude Cardinal, speaking at his base in the city of Pau in southwestern France, said there were more volunteers than places available.

Some of the individual soldiers, speaking to reporters, said they wanted to help in the rescue work, while others wanted to avenge the killings.

■ **Jumblatt Warns of Boycott**

The leader of the Lebanese Druze faction, Walid Jumblatt, said Wednesday that he might boycott national reconciliation talks if what he said were cease-fire violations by the Lebanese Army continued.

"I may reconsider my participation in the Geneva conference if the cease-fire violations continue," Mr. Jumblatt said in a statement released in Damascus and quoted by Reuters.

His statement came as fighting between his forces and the Lebanese Army flared in the Chuf mountains.

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U.S. Says 600 Cubans Captured on Grenada

(Continued from Page 1)

the scene of a bloody coup last week that included the execution of the leftist-leaning prime minister, Maurice Bishop. "We have not encountered any of them," he said.

There were reports earlier that the U.S. troops had "secured" the Russians.

President Ronald Reagan, in letters to the leaders of the House and Senate, said Tuesday it was not possible to predict how long the U.S. forces would stay on Grenada, but he pledged they "will remain only so long as their presence is required."

Mr. Reagan made the statement in a letter of formal notification, required under the War Powers Resolution, about 12 hours after the U.S. forces landed on Grenada. In justifying the move, Mr. Reagan cited "a vacuum of authority" on the island.

In Washington, Reagan administration officials revealed that Grenada's revolutionary council sent the United States a diplomatic note on Monday assuring that U.S. citizens there could have safe passage out, but the Reagan administration "didn't believe a word they said" and invaded the next day.

"If they had opened their airport, we might have believed them, but they didn't," the White House deputy press secretary, Larry M. Speakes, said Wednesday in tracing some of the events that precipitated the invasion of the Caribbean island.

"We were dealing with a chaotic situation. We did not know who was in charge. It was like a floating crap game trying to figure out who to talk with. We did not trust them."

Asked if the United States had taken all possible diplomatic steps,

Mr. Speakes said: "If we felt we could have accomplished this short of a military operation, we would have. But we didn't believe a word they said."

Hearing Is Set on Taxes For Americans Abroad

International Herald Tribune

WASHINGTON — A hearing on regulations covering the 1981 changes in the taxation of Americans overseas will be held at 10 A.M. on Nov. 15 in Washington, the Internal Revenue Service has announced.

An outline of proposed comments should be delivered or mailed to the Internal Revenue Service by Nov. 1, the IRS said. The address is 1111 Constitution Avenue, Washington, D.C. 20024.

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More than 1,000 demonstrators in Berkeley, California, chanted protests against the U.S.-sponsored invasion of Grenada and burned a flag. The police arrested three persons.

European Allies Shocked by U.S. Action

(Continued from Page 1)

are deeply concerned with the present trends of U.S. policy."

Political sources said some members of Mrs. Thatcher's governing Conservative Party wanted the government to take a firm stand against Mr. Reagan and condemn the invasion.

The former foreign secretary, Dr. David Owen, who leads the Social Democratic Party, said more urgent diplomacy between Britain and other Commonwealth countries could have prevented the invasion.

London newspapers nearly all claimed that British-U.S. relations had been severely strained by the invasion. The pro-Conservative Daily Telegraph said Mrs. Thatcher's government was "astounded" by the U.S. decision to invade Grenada.

Queen Elizabeth has expressed "concern" about the U.S. invasion, the Commonwealth secretary general, Sir Shridath Ramphal said Wednesday.

Sir Shridath had a morning audience with the queen and later told a BBC television interviewer: "I'm sure Her Majesty would not be offended if I did indicate that we naturally share concerns about the events in Grenada."

"The queen takes her role as head of state of Commonwealth countries very seriously," he added. Buckingham Palace made no immediate comment on what is an awkward situation for the ceremonial British monarch. She is also head of the 48-nation Commonwealth, the association of Britain and its former colonies.

Grenada is one of 17 Commonwealth countries that are not republics and that have governors general, formally appointed by the queen.

The French government was one of the strongest critics of President Reagan's decision to invade Grenada. A spokesman said no state has the right to intervene in another nation unless invited by the lawful authorities of that country or by the United Nations.

Speaking after a regular weekly cabinet meeting, the spokesman said: "France condemns the action of America in Grenada as it always condemns the use of force."

West Germany would have advised the United States against invading Grenada if it had been consulted, a government spokesman said Wednesday in Bonn. He said West Germany had not been informed in advance of U.S. intentions, and "if we had been consulted, we would have advised against it."

Italy's defense minister, Giovanni Spadolini, said in Washington where he is visiting: "We do not agree with the American action."

He said at a Pentagon news conference: "Italy is always against military intervention for the resolution of international disputes."

In Stockholm, the Swedish undersecretary of state, Pierre Schori, said his government "disassociates itself firmly from military actions violating the principle of the sovereignty and territorial integrity of a state."

A spokesman for the Greek government said in a brief statement that "Greece condemns all sorts of intervention in the internal affairs of independent UN member states."

He added: "The Greek government is gravely concerned over recent developments in Grenada, which lead to a deterioration of the already tense situation in this sensitive region."

In a protest against the U.S. action in Grenada, demonstrators in Amsterdam blocked the main entrance to the U.S. Consulate on Wednesday before police dragged them off. Several hundred people marched in Copenhagen, and others demonstrated at the U.S. embassies in London and Bonn.

India, which holds the chairmanship of the nonaligned movement, said the invasion could not be justified and was inconsistent with the basic laws of international behavior.

But New Zealand and South Korea firmly supported the U.S. action. The Seoul government said the invasion was needed to preserve security in the Caribbean region.

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Diplomats, Others Challenge Legality of Grenada Invasion

By Stuart Taylor Jr.

New York Times Service

WASHINGTON — The landing in Grenada by U.S. troops is consistent with international law in the view of President Ronald Reagan and Secretary of State George P. Shultz, but critics say it is illegal. Some former State Department lawyers also express skepticism about its legality.

Mr. Reagan said Tuesday the purpose of the operation was not only to "protect our own citizens" but also to "help in the restoration of democratic institutions in Grenada," where, he said, "a brutal group of leftist things violently seized power."

Mr. Shultz, asked at a news conference to reconcile the invasion with the prohibition in the charter of the Organization of American States against use of armed force against a fellow member, cited a little-known 1981 treaty establishing the Organization of Eastern Caribbean States, which he said "provides for their collective security."

Grenada is a party to that treaty but the United States is not. The provision Mr. Shultz cited, Article 8, deals with "arrangements for collective security against external aggression," and states that decisions under it "shall be unanimous," which was not the case.

Mr. Shultz did not cite any threat

of external aggression in Grenada. He said the suspicions of Caribbean leaders that the Russians or Cubans had been responsible for the coup in Grenada "is not the basis of this action on our part."

Mr. Shultz suggested that because of the 1981 treaty, the United States was justified in acting without regard to Article 15 of the OAS Charter of 1948, which says: "No state or group of states has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other state," whether by "armed force" or otherwise.

Both the United States and Grenada are members of the United Nations and the OAS. The United States did not seek advance approval from the OAS for the intervention in Grenada.

Senator Daniel P. Moynihan, Democrat of New York, called the invasion "an act of war" and said the United States did not have a right to "bring in democracy at the point of a bayonet."

While international law experts were reluctant to state conclusively whether the invasion was legal, several expressed skepticism.

"In light of the president's press conference remarks last Wednesday that the United States had the right to intervene whenever it felt its interests were threatened, it seems as though the president

thinks he is a law unto himself in this situation," said Professor Abram Chayes of Harvard Law School.

Mr. Chayes was the top lawyer in the State Department under President John F. Kennedy and supplied the legal rationale for the quarantine of Cuba during the 1962 missile crisis.

Others stressed that the international law rules on the issue of force were for all practical purposes unenforceable and so vague, riddled with exceptions and frequently violated by the Soviet Union and others, that they played little role in the world except as a rallying point for public opinion.

But the United States has traditionally sought to act as a model of adherence to rules of law in international affairs and some experts said it might be difficult to justify the Grenada operation without setting a precedent that could be used to justify aggressive actions by others, such as the Soviet occupation of Afghanistan.

OAS Leader Criticizes U.S.

Howard Kurtz of The Washington Post reported from Washington:

The chairman of the Organization of American States has called the U.S. invasion of Grenada a clear violation of the group's charter, which specifically prohibits



President Ronald Reagan discusses the reasons for the U.S. invasion of Grenada with the speaker of the House, Thomas P. O'Neill Jr., Democrat of Massachusetts, left, and Senator Howard H. Baker Jr., Republican of Tennessee and Senate majority leader.

armed intervention by one member state against another. Fernando Salazar Paredes, Bolivia's ambassador to the OAS and chairman of the organization's Permanent Council, or governing body, said: "Any intervention, regardless of the motives, would constitute a violation of the charter. We have only

two alternatives: either to endorse the action or to repudiate it." Mr. Salazar said officials from Mexico, Nicaragua and several other OAS nations "consider this action to be a breach of one of our most cherished principles, the principle of nonintervention."

"This is Grenada today, it could be any country tomorrow," he said, adding: "It reminds us a little bit of the Dominican Republic," referring to U.S. military intervention in that country in 1965.

Dacca Official Supports North-South Dialogue

By Lena H. Sun

Washington Post Service

WASHINGTON — A "position of movement must be maintained" between the nations of the industrialized North and the developing South even though progress on their dialogue has been slowed, according to Bangladesh's foreign minister, Aminur R.S. Doha.

To help that process, Bangladesh has proposed that the industrialized countries and the developing world use a two-phased approach to discuss "areas of agreement" and then "areas where agreement could be reached," the minister said in a recent interview.

Mr. Doha is accompanying the Bangladeshi leader, Lieutenant General Hussein Mohammed Ershad, who took power in a bloodless military coup in March 1982. The general met for one and a half hours Tuesday with President Ronald Reagan and Deputy Secretary of State Kenneth W. Dam.

Mr. Reagan praised General Ershad for his efforts to emphasize the private sector in the country's economic development efforts. He also praised the leader for Bangladesh's "constructive approach to issues of regional and global concern."

General Ershad said the common view abroad that Bangladesh was a country "with insurmountable problems perpetually dependent on foreign assistance for its

very survival is a grossly oversimplified, if not biased, view of Bangladesh."

The general also announced that presidential elections would be held in Bangladesh "sometime by the middle of next year" as part of a "gradual process to democratization."

The foreign minister's remarks on North-South relations reflect the move away from a confrontational stance by Third World countries in recent years.

Mr. Doha acknowledged there had been no recent progress in terms of a "transfer of resources from the North to the South," nor was there any progress achieved in beginning negotiations.

"I must admit," he said, that the process "has not gone as far as it ought to have. But we must maintain a position of movement."

Mr. Doha reiterated the general philosophical split between the North and the South. As a whole, he said, the position of the industrialized countries is that development cannot take place until there is an economic recovery. The position of the developing countries, including Bangladesh, is that recovery is not possible without development.

"We are now awaiting responses from the North, namely the United States," he said. "The U.S. role is critical in enabling the whole process of negotiations to proceed."

Castro Denounces U.S., But Won't Send Troops

Compiled by Our Staff From Dispatches

HAVANA — President Fidel Castro of Cuba denounced Wednesday the U.S. invasion of Grenada as "treacherous, criminal" but said he would not reinforce Cuban forces there.

However, at his news conference, Mr. Castro said the estimated 700 Cubans on Grenada, whom he described as mostly construction workers, would not surrender under any circumstances to U.S. troops.

Also Wednesday, the Soviet Union, in the most authoritative reaction to the invasion, assailed the intervention as a crime against humanity that proved the Reagan administration posed a threat to world peace.

The United States acknowledged Tuesday it had engaged in combat with Cubans on Grenada, some of whom were killed, and said it had "secured" about 50 Soviet citizens on the island.

Beyond Mr. Castro's denunciation, the Cuban government sent a 10-point protest note to the United States that called on Washington "to avoid spilling more blood" by stopping "attacks against the Cuban staff and Grenadians who are still fighting and look for a dignified way of ending a fight against small powers that is not worthy of the United States."

The note said Cuba "did everything possible to avoid intervention and in our note sent Saturday we explained that according to our information no North American or foreign citizens were in danger."

The note called the invasion "totally unjustifiable" but made no threats to undertake action against the United States.

Mr. Castro stressed that "the United States will be charged with the moral responsibility of the deaths, given that the Cubans will not surrender under any circumstances."

President Castro said Cuba could not send reinforcements because "it's impossible given the overpowering aerial and naval strength of the United States."

"Our force doesn't have the strength or the means to do anything more to defend its work," he said.

Wearing fatigues and smoking a cigar as he answered questions from foreign reporters gathered at

a government conference hall, Mr. Castro said "the situation created in Grenada is the exclusive responsibility of Grenadian people."

He also said Cuba was surprised and dismayed by the killing a week ago of Prime Minister Maurice Bishop, who was overthrown in a power struggle within his pro-Cuban New Jewel Movement.

The Cuban presence in Grenada includes "a few dozen military advisers that worked with the army and security forces before Bishop's death," Mr. Castro said.

But he denied that Cuban soldiers were on the island and said the majority of the Cubans were construction workers engaged on an airport project.

Cuba has had close ties with Grenada since Mr. Bishop's own coup in 1979 deposed Prime Minister Eric Gairy.

The new Soviet denunciation of the invasion came in the form of an official statement by the Tass press agency.

It said: "Tass is authorized to state that the Soviet Union firmly condemns the United States aggression against Grenada and stigmatizes it as a crime against peace and humanity."

Western diplomats said they were certain the Soviet reaction would swell to a deluge of denunciations as Moscow used the invasion to prove its thesis that the Reagan administration was bent on global military supremacy.

Western analysts said the invasion had come at an ideal time for the Kremlin. It put Washington firmly on the spot on the eve of deployment of new medium-range missiles in Western Europe and moved the spotlight from its own embarrassment after the shooting down of a South Korean airliner last month.

A U.S. Embassy spokesman said a senior diplomat had visited the Soviet Foreign Ministry on Tuesday to "inform them what was taking place."

"We explained very clearly what it was about," the spokesman said. "They are aware of what we are trying to do and that their interests are not at stake."

He declined to say how soon after the invasion the contact was made or to identify the diplomat involved.

(UPI, Reuters)

Surinam Orders Cuba To Withdraw Its Envoy

United Press International

PARAMARIBO, Surinam — The government of Surinam has suspended formerly close ties with Cuba and ordered the Cuban ambassador out of the country.

Lieutenant Colonel Dayni Bouterse, military leader of the South American nation, said in a nationally televised speech that he had ordered the Cuban Embassy to scale down its personnel to the level of chargé d'affaires within 14 days. He said he had given Ambassador Oscar Oswaldo Cárdenas six days to leave the country.

Government sources said Colonel Bouterse believed last week's coup in Grenada had been backed by the Cubans and feared that Havana might also try to engineer a coup in Surinam.

Mr. Cárdenas, like the Cuban

ambassador to Grenada, Julian Torres Rizo, is a member of the branch of the Cuban Communist Party's Central Committee that Western diplomats say is charged with encouraging the development of Cuban-style systems in the Western Hemisphere.

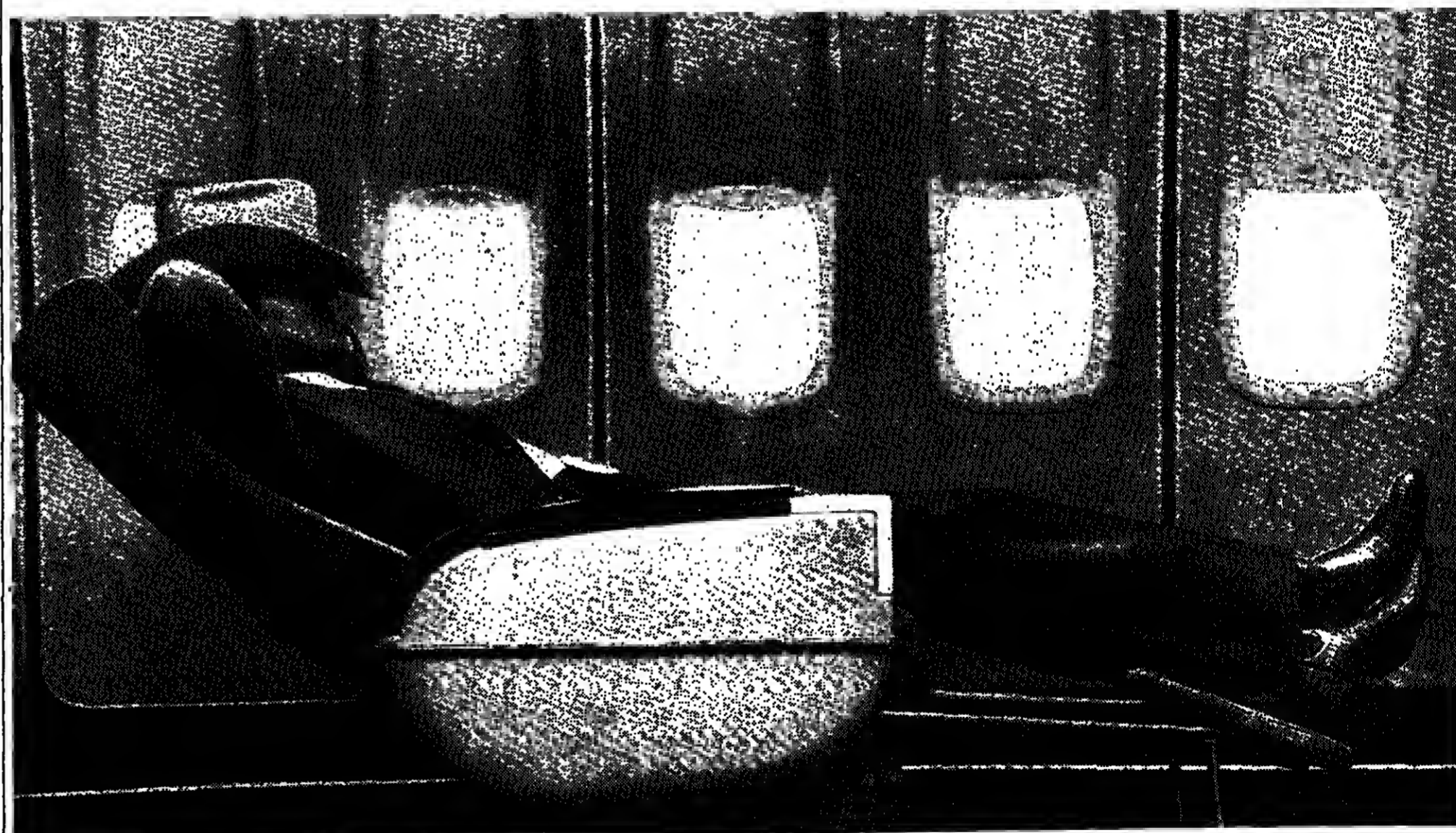
Surinam, a former Dutch colony on the northern coast of South America, had been a Cuban ally since Colonel Bouterse took power in a 1980 coup. Officers of Surinam's Army have been trained in Cuba.

Colonel Bouterse told the nation that "it was beyond comprehension" that Prime Minister Maurice Bishop of Grenada, killed last Wednesday by Grenadian soldiers, would have been overthrown by his associates.

Colonel Bouterse has repeatedly accused the U.S. government of trying to overthrow his government, and he allowed Cuba and the Soviet Union to establish the two largest diplomatic missions in the country last year.

The official Cuban press agency, Prensa Latina, sent officials to help run the Surinam News Agency and to advise government news organizations. No independent news organizations remained after Colonel Bouterse executed 15 opposition leaders and closed down independent radio stations and newspapers in December 1982.

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Herald Tribune

Published With The New York Times and The Washington Post

A Threat in Grenada?

None Has Been Demonstrated

A hypothetical threat to American lives, a claim of anarchy and a plea from West Indian neighbors are being used to justify an invasion of Grenada by American forces, with token help from six Caribbean allies.

If there were really a threat to U.S. citizens, a rescue would be justified. But no threat has been demonstrated. And the invaders are not behaving like a land-and-leave rescue team. If order and authority had truly collapsed in Grenada, a summons to restore them would be worth considering. But no such chaos has yet been demonstrated. And the invaders are not just protecting life and property.

The Marines and Rangers were sent to topple a distasteful new regime, led in President Reagan's view by a gang of "leftist thugs." If that regime was implanted with Cuban and Soviet help, its overthrow might be worth the human and political cost. But the case made for this radical surgery invites a different judgment: that a frustrated administration acted not because it is right or necessary, only because it is possible.

Grenada is a flyspeck island with 110,000 inhabitants, where leftists seized power in 1979. This month their leader, Maurice Bishop, was deposed and executed by more radical colleagues who evidently feared his drift toward moderation.

This progression of events plainly alarmed other West Indian ministrates as well as Jamaica and Barbados. They are weak and poor and their right-of-center regimes feared that Grenada, aided by Cuba and the Soviet Union, would infect the region with militant leftism. The fears are real, and if there were clear evidence of Cuban or Soviet intervention, there would be a case for U.S. intervention.

But no such evidence has been invoked. The concern for 1,000 Americans, most of them

students at a medical school, seems to have been speculative. Their evacuation, in any case, does not require an occupation.

Just as vaguely, Secretary of State George Shultz spoke of "an atmosphere of violent uncertainty." However accurate, that condition is a flimsy warrant for invasion.

The deed is political. It promises to rid the Caribbean of a pro-Soviet gnat. And it demonstrates to radicals in Central America that only logistics, not laws or treaties, will determine the means the United States is ready to employ against them.

Secretary Shultz finds legal justification in a minor treaty that some West Indian nations adopted in 1981. But his reading strains the language. The governing law for members of the Organization of American States is the 1947 Rio Pact, which prohibits the use of force. It binds the United States as well as Grenada, and in fact was invoked by President Reagan to criticize Argentina's invasion of the Falkland Islands.

Grenada should be a military pushover, and the American troops may, as promised, leave soon and let others decide its future. But what is feasible cannot be the only standard of what is advisable, not if Cuba and the Soviet Union and other nations are to be held to account for respecting international frontiers. Without such a standard, there would be no end to the wars fought to topple "thugs."

If President Reagan deserves the benefit of any doubt in Grenada, it is the possibility that Cuba and the Soviet Union had indeed moved, with only modest investments of men and weaponry, to establish a puppet regime that would give them bases for other operations. But if that were clear, why was it not proved, or even asserted?

—THE NEW YORK TIMES.

... And Gunboat Images Remain

Anxiety surged immediately when the radio came on with the word that marines had landed on Grenada. There was the fear that something might precipitate and ill-fated had been launched to compensate for the recent losses and frustrations in Beirut and elsewhere. There was a sense that the president had spent the last few days under extraordinarily draining conditions of duty and personal stress.

But what has happened in the eastern Caribbean ministrate where military men made a bloody coup earlier this month? It turned out that for three days the administration had pondered an appeal from six former British colonies to move with them against a regime that had first alarmed them by leaning left and then had terrified them by perpetrating a blood bath. To answer this appeal and to head off harm to U.S. citizens, the administration said, it had joined the six for a brief mission.

With the troops ashore, let us hope that the toll will remain minimal among the attacking force — and among the defenders too. Some Americans will rejoice that the United States has finally recaptured a seemingly lost capacity for great-power military response — that it has flashed a warning signal to Nicaragua and the other sources of its torment. But the send-

ing of a signal is hardly adequate reason to invade a small country 1) which is at peace with the United States; 2) which has offended Washington and many of its Caribbean neighbors but has committed nothing that could plausibly be regarded as an act of war; and 3) none of whose citizens is known to have invited American or neighborly Caribbean relief. Surely it is not enough to say simply that the United States seized a convenient occasion to get rid of a government it didn't like.

Yes, the appeal of six democratic nations asserts a claim — would that the administration were so responsive to Central America's Contadora democrats. Yes, prudent concerns for the security of American nationals are of overwhelming importance if justified. But, to the serious disadvantage of U.S. policy, the overwhelming image of the American gunboat still dominates perceptions and politics through much of the hemisphere — perhaps less in the English-speaking Caribbean but heavily in Central America, where the impact of this development will most be felt. The burden of proof is still on the Reagan administration to justify the immensely grave act of invading a sovereign state.

—THE WASHINGTON POST.

Other Opinion

Force in the Caribbean

The United States and its Caribbean allies are in breach of international law and the Charter of the United Nations. Mr. Reagan has produced no evidence to show that Soviet influence was reaching a level at which Grenada was in danger of becoming a fully fledged satellite to which the Soviet Union would be irrevocably committed. Yet some good can still be salvaged from the enterprise if Grenada is quickly returned to constitutional government. The fact that the United States has shown itself willing to use force, though it could exacerbate the situation, may provide a useful salutary warning in some quarters.

—The Times (London).

By not wasting time and acting with speed, President Reagan hopes to nip in the bud the dangers of another potential Cuba. Of course there are military and political dangers. But safety is not attained by doing nothing, and if the operations are successful it will mark a setback to Cuban and Soviet expansionist aims. That is something we should welcome.

—The Daily Telegraph (London).

Moscow is the last government to teach Mr. Reagan anything about respect for the independence of states. The invasion of Afghanistan is an example that should instill some discretion in the Kremlin. Having often want-

ed to respect democratic principles, the United States has allowed entire populations to be submitted to regimes they did not wish. Morality and politics have never mixed, and force sometimes is peace's best trump.

—La Libre Belgique (Brussels).

We'll straighten things out on tiny Grenada with its menacing, 10,000-foot runway and its even more menacing Communist proximity to Caribbean democracies. Bull! That's the way to encourage freedom! If the excuses don't seem sufficient, quick, invent some!

—The Louisville Courier-Journal.

The Beirut Explosions

The United States and France cannot abandon their commitment to peace in Lebanon despite the terrorist bombings of their military installations. If they, along with the other units of the peacekeeping force, should become intimidated by the attacks and weary of their thankless role, and withdraw, Lebanon almost certainly would explode. It is evident who will profit if the peacekeeping force pulls out.

President Reagan's decision to reinforce the Marines in Lebanon is correct. And Japan should be grateful to the troops of these nations for their efforts to maintain stability in the Middle East.

—The Daily Yomiuri (Tokyo).

Circumstances Explain Reagan's Decision to Invade

By James Reston

WASHINGTON — Presidents, like the rest of us, sometimes run into streaks of bad luck, and this clearly is one of those times for President Reagan.

Just when he thought he could have a golfing holiday with Secretary of State George Shultz in Georgia — a silly idea, since golf is not a holiday but an agony — he was startled in the night by the disaster that befell the marines in Beirut.

On top of this, some poor soul crashed the gate at the golf course in the hope of telling Mr. Reagan his troubles. By Sunday the president was back in Washington, not only dealing with the Beirut tragedy but also planning an invasion of the island of Grenada.

This is not a weekend the president is likely to forget. It may even be a weekend he is likely to remember when he thinks about running for another four years. "I have to say," he told reporters when he came back, "that I don't know of anything that is worse than the job I have, and having to make the calls I have to make" to the families of the victims in Beirut.

Then, on the same weekend, with hundreds of thousands of people in Britain, West Germany and elsewhere protesting against his plans to place medium-range nuclear weapons in Europe, he had to decide what to do about the crisis in Grenada. And he did decide, as in Lebanon, to send in the marines.

It was a hard call. He was treaty-bound by the United Nations Charter not to do so. The Rio Treaty, signed by the United States, states: "All members shall refrain from international relations from the threat or use of force against the territorial integrity or political independence of any state or in any other manner inconsistent with the principles of the United Nations."

Mr. Reagan checked with the British, who used to govern Grenada and still have a governor-general

there. Prime Minister Margaret Thatcher advised against an American invasion, but the president ordered the invasion anyway in the belief that American lives were at stake there, though there was little evidence that this was true.

It is easy to say that legally the president was wrong, but probably unfair to say he was not right under the circumstances. Unfortunately, this is not a world of law. The president was condemned for not anticipating and protecting the marines in Lebanon. He would have been condemned all the more if he had not acted to protect the lives of the Americans in Grenada, even if in that chaotic situation he was told by whatever fragile authorities existed there that there was no real danger.

Mr. Reagan has more than enough trouble these days without being hit in the press when he is down. He has a crisis on his hands in Lebanon. His Navy is strolling around the Caribbean and in the Pacific, off the shores of Nicaragua, without much effect.

He could not possibly bear another defeat in Grenada, though most Americans do not know where it is and couldn't care less. He had to act quickly and get out, which is precisely what he intends to do.

Consider the opposite: Suppose, after the disaster and humiliation in Beirut, the president had allowed this latest Communist coup in Grenada to succeed. Even if the Americans there were not in danger, he would have been mocked around the world, viciously in Moscow, and also in the Western Hemisphere for not defending U.S. interests.

It is not easy to defend Mr. Reagan's conduct or misadventure of foreign affairs, but in this particular occasion he had a problem, and to be fair, it is hard to say he did not make the right move — or to fault Mr. Shultz, who went to great lengths to explain in a trembling voice why he thought the invasion was necessary.

The secretary of state is an honest and decent man. He did not pretend that the invasion was an easy or even a legal exercise. He appeared before reporters and gave a chronological account of the Grenada problem, answered their questions and defended his skipper. He only

thought to have plotted his overthrow last week.

While practicing law, Mr. Bishop became a champion of the interests of the poor, organizing strikes just before Grenada became independent on Feb. 7, 1974. An early leader of the New Jewel Movement, Mr. Bishop was elected to Parliament in 1976. He seized power in 1979 while Mr. Gairy was out of the country.

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The Man Whose Fall Brought Events to a Head

By Eric Pace

NEW YORK — Maurice Bishop, the Marxist prime minister of Grenada, who was killed last week, was a London-trained lawyer influenced by the black civil-rights movement of the 1960s, who came to believe that a revolutionary society would solve the problems of the poor Caribbean nation.

Tall and resonant-voiced, Mr. Bishop, who was 39, said in August that he wanted to build a new kind of postcolonial society providing basic human needs.

"But I don't think that can be done in the system we have got now," he said, "which, as far as I am concerned, is inherently exploitive."

Mr. Bishop's movement appealed to younger people because it held out the hope of change, and it came to have wide support in the years of Prime Minister Eric Gairy, who was not a popular leader.

Mr. Bishop promised a corruption-free, constitutional society. Once in power, however, he failed to hold elections, stifled the press and prohibited effective opposition.

By last summer, many Grenadians were concerned about the number of political detainees as well as the large number of Cuban and Soviet diplomats and technicians. Libya and North Korea also opened embassies.

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U.S. Pilots Are Flying More, Raising Questions on Safety

By Sara Fritz and Robert A. Rosenblatt
Los Angeles Times Service

WASHINGTON — In the brave new world of deregulation, many of the nation's commercial airline pilots are being assigned to spend more hours in the cockpit than in less competitive times.

Industry executives and federal safety regulators insist that this trend will have no impact on passenger safety. Federal records show no increase in accidents since the government began to dismantle airline regulation in 1978, allowing companies more freedom to set routes and fares.

But leaders of the Air Line Pilots Association, whose 31,000 members represent flight crews of most major carriers, argue that some airlines are lowering the margin of safety by forcing their pilots to work fatiguing schedules.

Taking off with a crew that's tired is increasing the risk of something happening, says Richard Tickner, a Los Angeles-based pilot who is on strike against Continental Airlines. "Then, what if you encounter bad weather and throw in a minor mechanical problem? It's a cumulative thing."

Because of economic pressures affecting the industry and because federal safety standards give the airlines considerable leeway to increase pilot workload, there does not seem much the pilots can do, except strive to arouse enough public concern to pressure the airlines to return to the old work schedules.

The debate over pilot working hours arose amid growing concern in Congress that the federal government may not be doing enough to monitor safety. Because of Reagan administration budget cuts, the Federal Aviation Administration, which oversees the airlines, does its work with 100 fewer safety and maintenance inspectors than it had in 1980.

Fewer inspectors mean "fewer ramp checks, fewer in-flight checks and less surveillance," said Representative Norman Mineta, Demo-

crat of California, whose Aviation Subcommittee of the House Public Works Committee plans hearings next month on the FAA cutbacks.

Pilots' hours always have been a key bargaining issue between unions and management, and 75 hours a month became a standard. By contrast, the FAA says it is safe for pilots on major airlines to fly up to 100 hours a month.

Now that deregulation allows new, nonunion companies paying lower wages to enter the business, older carriers have been under great pressure to trim costs by getting more work from their pilots.

Since August 1981, the union has agreed to increase pilots' monthly hours for seven major carriers.

Delta Air Lines pilots have agreed to fly 78 hours a month, up from 75, and Eastern Airlines, which is having serious financial problems, recently raised its maximum flying hours to 85 a month from 80.

At Continental, pilots went on strike after the airline filed a bankruptcy petition, canceled its union contracts and reduced salaries. The pilots now operating Continental's reduced routes are flying a maximum of 83 hours a month with a minimum rest period of nine hours, compared with the old union rules calling for 75 hours and a minimum rest period of 10 hours and 45 minutes.

Most new nonunion carriers such as New York Air routinely exceed 85 hours, according to the union. New York Air will not discuss flight time.

"We feel the work hours of our pilots are appropriate," said Theresa Burt, director of public relations. "We don't feel there's anything unusual or anything that places the slightest bit of strain on any of our pilots."

Airline management and the pilots were at odds over working hours and rest periods, even before deregulation. Top pilots, who earn up to \$140,000 a year and get an average of two weeks off each month, often have been accused of featherbedding. Because most pi-

lots cluster all of their flying hours in a two-week period, many of them have so much time off that they can supplement their incomes by operating other businesses.

For their part, the pilots argue that the airlines have gone so far in compressing their schedules that they do not always get enough sleep when they are on a trip. They add that pilots routinely spend two hours working on the ground, poring over flight plans and training manuals, for every hour of flying time.

Pilots who fly from Los Angeles to New York, for example, complain that they are often tired on the return trip because they cannot get enough sleep on the East Coast.

"I get off duty at 7 P.M. in New York City and have to return to work at 6 A.M. the following morning," said Mr. Tickner, the Continental pilot. "That sounds like enough time to sleep, but I can't go right to sleep because it's still afternoon back in Los Angeles, where I came from."

Among commuter airline pilots, for whom there is no formal limit on monthly flying hours or on the number of daily takeoffs and landings, complaints of fatigue are even more frequent. Airline industry sources say commuter companies are asking for tighter regulations to improve the reputation of their segment of the industry, which has had a dramatic increase in traffic since the major carriers abandoned many routes.

"The biggest problem is in the commuter industry," said a spokesman for Senator Nancy Landon Kassebaum, a Kansas Republican and chairman of the Aviation Subcommittee of the Senate Commerce, Science and Transportation Committee. "Those guys are just frazzled."

The FAA began a stepped-up surveillance and inspection program at commuter airlines in 1980, an effort that has reduced the accident rate sharply. It is expected to publish new regulations for the commuter industry in November.



ROYAL WELCOME — Prime Minister Margaret Thatcher leads King Taufa'ahau Tupou IV of Tonga to review an honor guard at the Foreign Office in London.

Rights Group Assails Manipulation of Data

Compiled by Our Staff From Dispatches

LONDON — Amnesty International accused governments Wednesday of covering up instances of torture, killings and human rights abuses in some countries while using such violations elsewhere for political purposes.

"Statements about human rights have been misused to make political propaganda," the London-based human rights monitoring group said in its annual report.

Among the examples it cited were reports of the situation in Poland by Soviet news organizations, statements by U.S. officials on Central America and the sudden focus by Britain on torture and disappearances in Argentina during the war over the Falklands Islands.

The report said at least 1,609 political and other prisoners were put to death in 42 countries in 1982 but "the real total was certainly higher." It also detailed cases of executions, torture and political imprisonment in 117 countries.

In El Salvador, the group said it believed that all branches of the security forces were involved in a "systematic and widespread program of torture, abduction and individual and mass killings of men, women and children."

The report blamed official security units in Guatemala for thou-

sands of political killings and disappearances last year. Similar abuses increased in Honduras and were again reported in Argentina, it added.

In Europe, it noted the imprisonment of conscientious objectors to military service in East and West Germany, France, Greece, Hungary, Italy, Switzerland and the Soviet Union. The report also referred to an increase of allegations of torture of prisoners in Italy and Spain.

Amnesty said it regarded the 624 executions officially announced in Iran in 1982 as a minimum figure. "Whipping and amputation of limbs continued to be officially sanctioned punishments for certain crimes," the report said.

Executions were also reported in Iraq. Some were imposed for political offenses after trials that lacked basic legal safeguards, it added.

(Reuters, AP, UPI)

Chinese Communist Purge Starts With Attacks on Party Reformers

By Michael Parks
Los Angeles Times Service

BEIJING — China is beginning its purge of Communist Party ranks with strong attacks not on leftist radicals, the campaign's principal target, but on liberals who are accused of going too far in their criticism of the party and in their calls for political and economic reforms.

The liberals, mostly social scientists, writers, artists and other intellectuals, are accused by party leaders of "spreading spiritual pollution," a broad term that encompasses "bourgeois decadence" and excludes Marxist philosophies, and of thus undermining the country's commitment to socialism.

The immediate emphasis in China's ideological "rectification" will, as a result, be on what Communist Party leaders term the "right" — the liberals — rather than the Maoists who remain deeply embedded in the party, government and armed forces.

That appears to be part of the price that Deng Xiaoping, China's paramount leader, has had to pay for the Central Committee's approval of a three-year campaign to "purify" the party. It is a measure of the substantial resistance Mr. Deng continues to face in ensuring that his pragmatic, whatever-works socialism endures.

Another indication of opposition to Mr. Deng and to his chief lieutenant, Hu Yaobang, the party's general secretary, was their failure to move their allies into several key posts when the party's policymaking Central Committee met in Beijing this month.

Mr. Deng met so much resistance, particularly in the politically powerful armed forces and among middle-level party and government officials likely to be most affected by the purge, that he himself launched the anti-rightist attacks with a speech on ideological problems, according to Chinese sources.

Although harsh attacks on the liberals oom fill Red Flag, the party's journal, and the People's Daily, Liberation Army Daily and other Chinese newspapers, they are likely to prove transitory, the sources say,

while Mr. Deng's basic philosophy and policies become the new political orthodoxy.

As evidence, they cited the list of documents, preponderantly moderate and pragmatic, including two speeches by Mr. Deng and none by Mao, that will provide the theoretical basis for the "rectification campaign," as the party calls the purge.

"Deng's approach is 'hit the right to smash the left,'" a veteran liberal political observer said, recounting the numerous feints Mr. Deng has made since 1978 in breaking firmly with Mao's radicalism and propelling the country on a course of reform.

But the attacks, the strongest and most strident the liberals have faced since Mr. Deng took over the leadership, will inevitably force them to retreat, at least for a time, political observers here say, and new limits are already being imposed in discussions of economic theory, criticism of literature and the arts and in development of the social sciences.

"Spiritual pollution" is defined by Red Flag as including commercialized literature and art, pornography, a revival of superstition in the countryside and putting profit ahead of political principles.

It also includes the ideas of a number of leading liberal theoreticians and philosophers who have been trying to redefine socialism and such Western concepts as alienation to explain China's continuing "crisis of confidence."

"Some theoretical works, departing from the basic principles of historical materialism, attribute certain malpractices and defects in the socialist society to 'alienation' from the socialist system itself," Red Flag said in paraphrasing Mr. Deng's speech to the Central Committee.

"Such distortion of real life in our country is sure to obliterate the essential difference between proletarian and bourgeois ideology and between the socialist and capitalist systems and actually reflects a loss of confidence in socialism."

The targets for all this criticism include some of China's leading

writers, philosophers, economists, social scientists and newspaper editors, a number of whom hold senior posts in the party or government.

The aim of the attacks appears to be to make the liberals conform, rather than to purge them, as will happen to disaffected Maoists who rose to power during the Cultural Revolution or who have opposed Mr. Deng's policies in the past five years.

Yet, the party's criticism is reminiscent, though less harsh, of that of the Cultural Revolution and of earlier anti-rightist campaigns that made radical leftists the major force in Chinese politics until well after Mao's death in 1976.

The army, the bastion of Maoist orthodoxy, has been increasingly alarmed by recent trends, and the attacks on liberals may be intended to make the anti-leftist campaign more acceptable to the military.

As party leaders drew up the plans for the campaign, the Liberation Army Daily had inveighed against those "poisoning the minds of a large number of young people" and leading them to question the party's leadership and doubt "the certain triumph of communism."

Russians Revive East-West Quarrel By Proposing UNESCO Press Curbs

By Paul Lewis
New York Times Service

PARIS — The Soviet Union has called for international curbs on press freedom as part of a "new world information and communication order" that would give governments control over the flow of news and information.

The proposal came in a draft resolution circulated on the first day of the 22nd General Conference of the United Nations Educational, Scientific and Cultural Organization, which is being attended by representatives of more than 160 countries.

The draft urges UNESCO to draw up a list of "mass media organs" whose reporting has violated guidelines that the organization laid down in a 1978 declaration and that most Western governments criticized as hostile to Western concepts of freedom of the press.

Underlining the "special responsibility" of the press for promoting "peace and the progress of peoples," the draft asks member countries to "ban the mass media for building up world tension and disseminating tendentious and slanderous messages that sow the seeds of alienation and enmity."

Western diplomats and media representatives attending the meeting said the introduction of the proposal at the start of a six-week conference meant the Soviet Union intended to undertake a major drive with the aid of some developing countries to win UNESCO backing for greater governmental control over the news.

They said the draft resolution ended earlier hopes that the press freedom issue, which has divided UNESCO for a decade, might be only a minor one at this conference. Instead, it now appeared that there would be a major confrontation over the issue.

Another confrontation is expected at the conference over U.S. efforts to cut the organization's \$386-million budget.

The organization's 1978 Media Declaration already seeks to define a political role for the news organizations as part of the information order the Soviet Union and its allies want to introduce.

Diplomats said that while UNESCO itself has no legal power to regulate newspapers and broadcasting stations, communist and Third World countries would apparently feel justified in discriminating against news organizations in their security in war zones and on other dangerous assignments.

Appeals for closer international

cooperation were made at Tuesday's opening ceremony by President François Mitterrand of France and the director general of UNESCO, Amadou-Mahtar M'bow of Senegal.

The United States and many other Western countries are becoming increasingly disillusioned with the organization's efforts to promote literacy in the developing world, protect the environment and save endangered works of art, they complain that some of the developing nations and Communist countries, which comprise a majority of its members, are increasingly using

the organization to advance their own political values.

While the Western powers say that a free press is indispensable for democracy and individual liberty, Communist and some Third World nations want UNESCO to spend \$28.8 million during the next two years, an increase of 34 percent over the previous two-year period, on a program that would seek to establish a new world information order.

The United States and its Western allies, though in the minority, pay most of the organization's costs. They are now demonstrating their displeasure with its recent behavior by refusing to accept an increase in its budget for next year.

Hormones Found To Boost Growth Of Some Children

United Press International

SAN FRANCISCO — Hormone shots increased the growth rate of some abnormally short but otherwise healthy children by more than an inch a year (2.5 centimeters), a study released Wednesday shows.

Additional studies are needed to determine the long-term effects of the treatment and whether it will affect the adult height of the children, according to scientists at the University of California, San Francisco.

For more than two years, researchers studied 14 children between the ages of 4 and 15 who were growing at an abnormally slow rate of less than 1.5 inches a year, although they had normal levels of growth hormone in the blood. Normally, children's height increases by about 2.5 inches a year between the ages of 5 and 10.

"Although 40 percent of the short normal children who were treated with the hormone increased in height, these results raise very important ethical, clinical and economic issues," said Dr. Selma Kaplan, one of the scientists. On the market, the hormone shots cost \$100 to \$250 for a weekly series, depending on the child's age. In the tests, injections were given for six months.

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Appeals for closer international

Scots Defuse Letter Bomb

The Associated Press

GLASGOW — A "crude but viable" letter bomb addressed to Britain's employment minister, Tom King, has been intercepted at a post office and defused, police reported Wednesday.

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STYLE

U.S. Embassy Rings Out in Harmony

By Jean Rafferty
International Herald Tribune

The hokey harmonies of "Sweet Adeline" floating over the lush private gardens of the Faubourg-St. Honoré can be heard by diplomatic invitation only.

Barbershop music may have humble origins, but the newest quartet in town has an extra-special "impresario" — Marie Galbraith, wife of Evan Galbraith, the U.S. ambassador to France.

Known informally as "Bootsie's Barbershop Boys" after Mrs. Galbraith's nickname, the group — more properly a barbershop chorus of 16 — has entertained at official parties in the ambassador's residence and was sent as her "quintessentially American" contribution to the Quai d'Orsay's welcoming picnic for the new diplomats at the Chateau de Neuville outside Paris.

"We were most in view on the Fourth of July," Mrs. Galbraith said, "when they sang in front of 3,000 people in the garden at the Independence Day party."

The idea for a barbershop group sprang from her wish to live up to official entertaining in the ambassador's residence, an imposing mansion that once belonged to the Rothschild family and was completed in 1850 by Visconti, the architect responsible for Napoleon's tomb in the Invalides.

"I grew up in a musical family," she said. "My mother was one of seven children, and each one had a piano and played a musical instrument. Thirty of us — aunts, uncles, grandparents — used to sing together in four-part harmony at family gatherings."

"Singing in harmony puts you in a really good mood," she said. "One might be tired from traveling, or arguing, but getting the perfect blend that is so gorgeous makes you feel superb and brings people together."

With the help of newspaper ads and the embassy bulletin board she soon came up with a nucleus group



Marie Galbraith leads her group of barbershop singers outside the U.S. Embassy.

of five under the direction of pianist and lead singer, Stacey MacAdams, 45, musical director of the Hollywood Savoy, an American cabaret-restaurant in Paris, who has a solid background in American musical theater. He toured for two years as Motil the tailor in the international touring company of "Fiddler on the Roof" played in the Broadway comedy "Twigs," and the Tony Award-winning musical "Raisin."

Now up to 16, the rest of the group is more or less evenly divided among embassy personnel, U.S. businessmen and lawyers, and professional musicians, who range from a Scottish opera singer to a Mexican tap dancer.

It is just this disparity that endears them to Mrs. Galbraith. "The marvelous thing about singing," she said, "is that people so love what they're doing, they can't help but be friends."

For some it is the first chance to sing harmony since college days. Boynton Rawlings, a lawyer, was head of Princeton's Tiger Tones and Bob Williams, an oil prospector, was one of Yale's famed Whiffpoofs. Mrs. Galbraith sang with Vassar's Goldstars, then formed a trio with two friends and performed on radio, for Red Cross

benefits, on a trans-Atlantic liner and around Europe.

"If you strike the harmony really right, it causes a resonance in the body which controls tears. Call it beauty, or whatever, but it is a very definite physical reaction and very definitely connected to the emotions. It's terribly satisfying when you produce the right harmony and the right blend. It has a riveting effect."

She has carefully shepherded her musical protégés through their first engagements. "I didn't want them to be nervous," she said. "This house is something you have to get used to." Singing in the vast drawing room, however, does have its advantages. "The great echo effects make the voices sound better," Rawlings said.

A "rehearsal" during a cocktail party for visiting American envoys in Western Europe soon turned into a successful debut with ambassadorial tones blending in to "Lida Rose," "Heart of My Heart," "Sweet Adeline" and "Aurora Lee" (better known to some as Elvis Presley's "Love Me Tender"). "A real sing-along just like a family party at home in the old days," Mrs. Galbraith said.

But for the demands of diplomatic duty, America's first lady in France, who has been known to

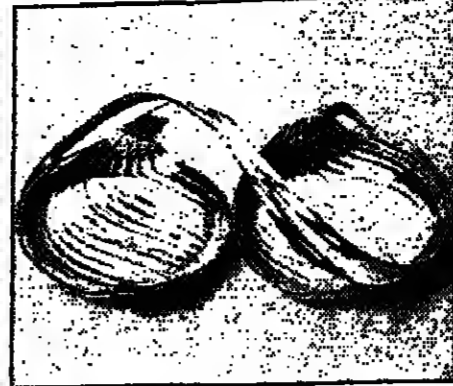
do a tap dance step or two on occasion, might be a full-fledged participant. "I sing with them sometimes, but on the Fourth of July, which is my birthday, I couldn't sing because I had laryngitis."

Barbershop singing may be thought of as typically American — the Society for the Preservation and Encouragement of Barbershop Quartet Singing in America with headquarters in Tulsa, Oklahoma, has over 30,000 members and holds highly attended contests — but it dates from the 16th and 17th century in England, when barbers and customers filled in moments between shaves, haircuts, blood-letting and tooth-drawing, by strumming on an early guitar-like instrument called the cittern. English barbers turned to wig-making in the 18th century and the barbershop musical tradition passed to the United States, where it developed into the organized vocal style of the barbershop quartet.

With only an hour and a half practice a week, it takes the embassy group a month to learn a song and they are now branching out into some "up-tempo spirituals," as MacAdams puts it, which should be ready for the reception the Galbraiths are giving for the UNESCO general conference on Nov. 9.



Examples of Christofle's versatility: gift over bronze eagle motif, 1860, and from the early 1900s, art nouveau.



A silversmith engraves an intricate design.

For 153 Years Cristofle Has Created Silverware That Caters to Fashions, Function and Fantasies

By Kyle Jarrard
International Herald Tribune

PARIS — One hundred years have passed since Christofle silversmiths made a maharaja's bed that contained 640 pounds (290 kilos) of sterling silver.

At each of its corners stood a life-size figure of a nude woman with a head of real hair. As the Indian prince rested, a clockwork mechanism set off a music box and the arms of the silver statues moved up and down waving fans.

Today there are still princes and princesses and Christofle still caters to their dreams. Saudi Arabians appoint their palaces with gold-plated sterling silverware and flatware. Their wives commission sterling perfume cases, encrusted with precious stones, inlaid with gold and filled with crystal lacquer. Even the whole Saudi Arabian Navy dines with Christofle silver-plated flatware.

Alfred Bouillet, president and chairman of the board, and his brother, Henri Bouillet, director of art and design, today lead the fifth generation of the foremost family of French silversmiths.

In 1830 Joseph Albert Bouillet, a Paris jeweler, and his brother-in-law, Charles Christofle, son of a silk merchant from Lyons, formed a partnership and opened their first factory in the Marais quarter of Paris. Purchasing the rights to an electroplating technique in 1841, they started mass-producing and exporting silver-plated flatware, or

cutlery, and hollowware, which includes such tableware as serving dishes and tea and coffeepots.

Some of Christofle's earliest works were designed for King Louis-Philippe, to whom the silversmiths were appointed *fournisseur*, or supplier. Assorted flatware and table accessories belonging to the "Citizen King" mark the advent of the "dining room," a relatively recent invention. When the middle class began decorating their tables, a bourgeois art form was established.

Henri Bouillet, nephew and successor of Charles Christofle, actively participated in the industrial revolution, creating sumptuous pieces for numerous international exhibitions. It was at this time that Napoleon III began demanding satisfaction for his expensive taste for silver. (The company's table service designs for Napoleon III and Archduke Maximilian of Hapsburg, who perhaps the most ornate epoch in the history of silverware.)

An artistic calm began with the geometric simplicity of art deco. Tony Bouillet, the honorary president of Christofle, took over his father's operations in 1922 and

opened numerous foreign subsidiaries while expanding and modernizing production. By World War II Christofle was the largest and best equipped silver factory in Europe.

With little, if any, exterior decoration, the silver designs of the 1920s and '30s championed the innovations of cubism.

From its rue Royale headquarters in Paris, Christofle outfits such places as the Elysee Palace, the Senate, the Paris city hall, and various foreign embassies, as well as deluxe hotels such as the Ritz, Carlton, George V and the restaurants Maxim's and La Tour d'Argent. The "Orchid" flatware pattern made exclusively for Maxim's remains unchanged and still evokes the frivolity of the Belle Epoque.

Air France passengers dine with Christofle flatware designed especially for the airline.

Yet the U.S. market, Henri Bouillet admits, remains to be conquered. In January 1984 the first Christofle store will open on New York's Madison Avenue.

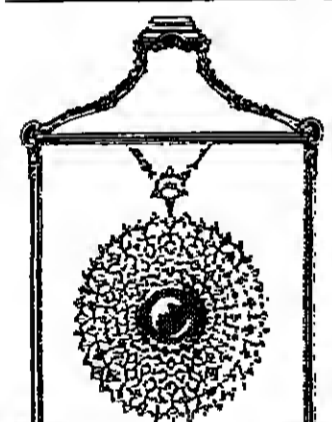
For the next 10 years, we are going to concentrate on the United States. Up until two years ago we

were largely sold through Baccarat, but we feel it is now time to have our trademark moved up front on the street," he said.

Christofle maintains dozens of stores at home and abroad, supplied by two major production sites in France as well as smaller factories in São Paulo and Buenos Aires. In 1982, raw materials totaled 412 tons of nickel-silver, largely from New Caledonia, and 16 tons of sterling silver. With 50 percent of sales overseas, Christofle is the number one exporter of silver-plated flatware and hollowware in the world.

Before a piece of flatware is silver-plated, it is polished and repolished at least 50 times by hand. A final inspection sends 20 percent of the pieces back to be reworked a final time. "One Hundred Years of French Silver," an exhibition of original period pieces from 1830-1930, has been taken from the Christofle-Bouillet Museum in France and is on display in New York, Washington and Boston.

Through the end of the year the museum pieces will be on exhibit in Dallas, San Francisco, Los Angeles, Chicago and Atlanta.



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A New York Classic Attracts Left Bank Shoppers

By Sherry Romeo
International Herald Tribune

The French call the look *bon chic bon genre*, and in the United States one word says it all: prep.

Both of these classic styles have a uniform, of course, and often, especially with the youngish prep, it is accented with a Coach handbag. These conservatively designed bags are now frequently seen on the streets of Paris, and out as an accent to the tourist look, but over the shoulders of French women — because they can buy them on the Left Bank.

The irony is that the Americans who had the gall to invade the Gauls did not come to conquer but to make a point — a fashion point, and out so much to the French as to retailers in the United States.

In 1977 Lillian and Miles Cahn,

owners of Coach Leatherware, found American buyers overlooked their bags because, Mr. Cahn says, "they didn't think our designs were chic enough. They were so impressed by what the French were doing that we set out to show them that even the Parisians with all of their style would be happy to buy a

who started off working in a wallet factory that he ultimately bought. That was 21 years ago. The Coach name came into being because the Cahn's thought "it seemed to go with leather."

Mrs. Cahn says she works at the factory three days a week and then frets that it does not sound as if



A display inside Paris' Coach Leather Shop.

classic. So even though they had never operated a retail store before, the Cahns quietly opened Le Coach, their first shop, at 23 Rue Jacob.

The strategy worked "beautifully," Mrs. Cahn adds.

Coach Leatherware is a family-owned and operated business. Miles Cahn runs the factory and designs, although, he says, he does not like the term designer. "I'm a factory man at heart, and what we've done is to work out a sound construction that we keep improving." (Coach Leatherware was one of six companies named in a 1980 *Fortune* magazine survey of "Things Made Well.")

The evolution of the company from a private-label manufacturer to Coach Leatherware is essentially the success story of Miles Cahn,

they work hard enough. When asked her title, she said, indicating her husband: "I help him."

The two apparently take their success in stride. Perhaps because "people get attached to our bags," Mr. Cahn said. Testimony to that, statements abound on a huge bulletin board plastered with appreciative mail from customers.

One note: "My bag was dragged 20 miles (32 kilometers), up Highway 5 to Ann Arbor and the only damage was some of the binding had worn off." Another customer whose Coach bag was stolen wrote: "Two-and-a-half years later I received a call from the police station claiming they had recovered my purse from the bottom of a large neighborhood pond. I was absolutely amazed that just about all of

the cooteats had disintegrated, while the leather remained intact."

The Cahns stamp every item with "Made in New York City, U.S.A." and use only American cowhide leather, "the same leather you make baseball gloves with," Mr. Cahn notes. "You can see every stretch mark, vein, tick bite, even brand mark," adds his wife. "And no animal is killed for leather. These were all killed for the meat."

They seem to have boundless enthusiasm about their business. "We live and breathe leather," Mrs. Cahn said.

Leather art is on the walls and table tops of their factory and totally occupies one separate room. But the Cahns have even bigger plans; they have a space under construction that will be a U.S. leather museum projected to open in late 1984.

They even "recycle" the factory's leather scraps to schools through New York's Cultural Affairs Committee.

While the Cahns are candid and forthcoming about their business, they zealously guard the details of their private lives. They will say only that they have been married "about" 37 years and have two daughters, both involved in the family business. One directs the six retail stores, the other heads the leather museum.

The Coach factory is one of the few left in Manhattan. To commemorate this, the Cahns published a book in 1977, "The Factory. Portrait of a Leathergoods Factory in Downtown New York City."

The company's headquarters and factory are located on the fringe of New York's garment district. Mrs. Cahn's ninth-floor office is the company's sales area, a cozy space with Persian rugs, green plants, leather sculptures, polished wood floors and walls festooned with Coach products. Two floors above is the factory and Miles Cahn's office, a glass wall away from the workers.

New Generation of Connoisseurs Is Starting to Sniff Exotic Snuffs

By Estelle Holt
International Herald Tribune

Snuff is back in fashion. Last year England produced 50,000 pounds (approximately 22,730 kilos) of the stuff, of which half went abroad, mostly to the United States and Germany. Retail sales at home topped \$5 million (about \$7.5 million), and since snuff is cheap, that could mean more than a half million snuff takers in Britain.

These figures are quoted by Gerry Jones of J. & H. Wilson, the famed snuff makers of Sheffield, which celebrated its 200th anniversary this year. The firm has an annual turnover of \$1 million worth of snuff at home and abroad, and until recently it always considered the bulk of its customers came from the upper age groups. But a recent advertising campaign aimed at the fashionable young, offering free samples in magazines and theater programs, pulled in 1,500 replies.

Gerry Jones is a snuff taker. Manoloth 99 is his choice, and he declares it is not only pleasant but has rid him of his hay fever and catarrh.

Concentrating more on the exotic and delicate flavors for the con-

noisseur is G. Smith and Sons, The Snuff Centre, at 74 Charing Cross Road, London. Also long established — as are almost all snuff dealers — they first set up shop at Seven Dials, London, in 1689.

Vivian Rose, who married into the Smith family, is now in control. An acknowledged authority on snuff and an inspired blender, Rose was a founder member of the Society of Snuff Grinders, Blender and Purveyors in 1963. He, too, has noticed renewed interest in snuff.

It is Rose's theory that snuff was helped out of fashion by the introduction of the white handkerchief toward the end of the 19th century. "It can leave a small stain. It washes out, but there are those who find it distasteful," Mr. Rose said.

He sells special brightly colored handkerchiefs for the use of "snuffers" as, indeed, did most tobacco-smokers up to the end of the 1930s. His favorite snuff has a sandalwood ingredient, "but from time to time one takes a different blend depending on mood and the occasion."

Heinrich Schmidt, former chancellor of West Germany, relaxes with Coca-Cola and British snuff which Cox, an enthusiastic snuff taker from Wellington, Somerset, quite understands. "German snuff is all right, nice enough, but different. It is, one might say —" he proproes for the right word — "rather like root."

Cox recommends snuff-taking for making friends. "Whenever I take out my snuff box it leads to conversation," he said. Usually he carries a variety of snuffs with him to offer to the friends he makes — Garden Mint, Carnation, George IV, Heliotrop. His own favorite is Golden Cardinal, the choice of Sir Winston Churchill — a blend of five exotic ingredients, the recipe for which is Rose's secret.

Rose's list of snuffs, obtainable

at 74 Charing Cross Road and costing mainly under £2, includes "Royal Cardinal, a blend of North American and Oriental tobaccos perfumed with the purest Tonquin essence with an underlying note of pure flower essences," Café Royal (the most expensive at £2.26 an ounce) is "specially manufactured from a blend of North American and Oriental tobaccos, specially treated before grinding to release its natural aroma. White Cardinal, a choice blend of Commonwealth tobaccos, lightly flavored with menthol and a background of finest Mediterranean fruit and English flower essences. "Attar of Roses, a full-bodied but mild snuff delightfully flavored with Bulgarian Attar of Roses, perfect after dinner."

Rose's office has a map of the British Isles with pins stuck in to show the retailers who stock his snuffs. They predominate in the West. "Perhaps they are more leisurely and have time to savor snuff," he said. But could this new fashion be dangerous? David Simpson of the anti-tobacco pressure group ASH said it could lead to new nicotine addicts.

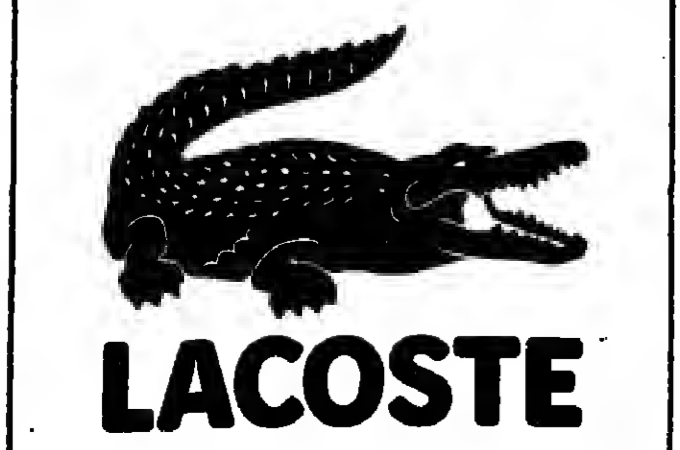
In February 1980, the addiction research unit at the Institute of Psychiatry in London gave the opinion, however, that snuff "could save more lives and avoid more ill health than any other preventive measure likely to be available well into the 21st century."

Of course it is tobacco and therefore satisfies the need of the nicotine addict, but, as one doctor wrote: "Since snuff is inhaled raw there is no tar, no carbon monoxide and no other poisonous gas. That means no added risk of lung cancer, and the risks of other smoking-associated diseases may also be reduced."

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FRANCE PLAYS LEADERSHIP ROLE IN GLOBAL TELECOMMUNICATIONS

PTT MINISTER ANALYZES FRENCH TELECOMMUNICATIONS PROGRESS



France's PTT Minister, M. Louis Mexandeau, recently responded to four basic questions about the present state of French telecommunications and trends for the future. The queries and his replies:

Q. What is France's place, today in the worldwide market; is it competitive and what are the future trends?

A. If we think in terms of electronic *Filière*, we can see that telecommunications are the keystone of a large set of interdependent technologies: for instance, there is no digital switching without more and more integrated components, and the cost of these components mainly depends on their diffusion.

France is very concerned today about the entirety of its electronic *Filière*, and it is quite obvious that France is more competitive in certain sectors than others.

At the present time, French industry has a small 6 to 7% share of the world market. But this share is increasing constantly, and French digital techniques are well-known abroad.

Twelve million digital French lines have been ordered by 40 countries.

The French telematic program is of great interest for many countries. But in this sector, markets are just developing.

Surely, in order to maintain its competitive position in the industry, efforts must be concentrated on two points: the growth of the industry itself, and the search for industrial cooperation, consequently broadening the possibilities to sell and sharing the development costs.

Q. France has the reputation of being protectionist at a time when deregulation is being urged internationally. What do you think about it?

A. As I have said, France produces good and competitive products for the international market. The proof of our success is our high export sales. But it is obvious that in many areas like digital switching, digital transmission and data-packed switching, the French PTT will buy from French firms because they are industry leaders.

However, we have to check, constantly, that our French firms keep up in innovation, in capacity, and in their facility to develop new networks. This will lead us, in the near

future, to open up our markets more frequently, especially in a European context.

The French government plays an important role in creating the structure of the telecommunications networks, but its position is very liberal towards private firms. Videotex is an example. In this case, the PTT provides the lines for the information providers, who, within the framework of the general legislation, are totally free to send out, at their own prices, the messages of their choice.

It is important to emphasize that it has been some years since the terminal and PABX markets have been opened to outside bids and that numerous foreign firms are now settled and doing business in France.

Q. Could you tell us more about the telematic program?

A. Our French telematic program includes several sub-sets. The subset that is expanding most rapidly today is the electronic telephone directory. After a long, carefully controlled test market program, electronic telephone directory service is today well underway in the regions that asked for it. Service in the Paris area will start at the end of this year. The level of installation of the computer terminals, the Minutels, most of which should be in use by 1985, will reach a total of three million.

Alongside this program, entirely managed by the PTT, private plans for professional videotex are underway. 150 services are already operational in France, designed for a large range of professions. 1983 has really been the take-off year for the telematic market in France. Other equipment and services will follow, combined with existing systems such as videotex and its smart card reader, creating new product needs like point-of-sale terminals which are currently being tested.

New materials such as optical fibers open a wide new range of applications. For instance, I can now promote the videophone which is, already, a reality for Biarritz subscribers.

Q. What is the telecommunication policy of France towards the developing countries?

A. As President Mitterrand underlined it in his speech in Cancun, Mexico, the constant policy of France is the opening up of trade dialogue and cooperation on a free and equal basis. Telecommunications are an indispensable tool for the future economic prosperity of nations. But it must be carefully controlled. With its experience in creating a fast-growing network, with its competence in the design and operation of modern, efficient and proven equipment, with its high-technology and management trained experts, France is ready to bring its know-how to all those who seek it. We do not only want to sell products; we want to see that the systems work well when they are installed and in operation.

We favor true technology transfer and the exchange of know-how which gives to our partners a real independence and control of their networks. This is a crucial factor in the creation of technical and industrial competence in the electronic field which is the heart of world development in the coming years. Thanks to research programs which the French have studied, alongside others, on future products, we are able to participate as equals in the economic prosperity of all the world.

FRENCH TELECOMMUNICATIONS GROWING FAST

The PTT has made a very Good Service out of what used to be an inadequate one.

The French telephone network was, until a few years ago, a national disgrace. But the French PTT with massive effort has turned disgrace into triumph.

Investing heavily and bringing France's top technical minds to bear on the problem, the PTT now boasts a rejuvenated network, the most modern in the world, and a leader in the rate of annual increase of main lines being added to the system.

Four Objectives

The French PTT lists four basic objectives as it modernises and grows.

Social and geographic inequalities in France are to be reduced by the universal action of placing a telephone in every home. New telephone and telematic services are to be offered equally to every user.

Regional telematic development is to move forward at full speed supporting the national goal of economic, industrial and political decentralisation.

Finally, the country's telecommunications are to be exported internationally.

Service Quality High

It is to the credit of the PTT management that as the number of subscriber lines has multiplied rapidly, the quality of service and the productivity of the staff have both grown at a similarly explosive rate. Delays in dialtone connection have dropped. The number of out-of-order reports from consumers is sharply down. More calls are being completed more quickly than ever before.

30% More Efficient

The approximately 165,000 PTT employees are labouring at an efficiency rate 30% better than a dozen years ago. In 1970, there were 25 French employees per each 1,000 telephone lines; by the beginning of 1983 that figure had dropped to a mere 8.3.

One key to the low-cost and rapid expansion of the PTT network has been the French decision to opt for digital switching and transmission. France is far ahead of the rest of the world using digital switching, and all the exchanges now being constructed are exclusively digital.

Complete Digital Network

If current plans are successfully realised, a fully digital service will be introduced throughout France in 1985, providing nationwide end-to-end connectivity. This will permit subscribers everywhere in France to use the national telephone network for high-speed data communications, giving spurred impetus to the nation's telematics programme.



INTERNATIONAL SALES A HIGH PTT PRIORITY

French Take Their Telecommunications Expertise to the World

Selling French telecommunications technology to the world is a high PTT priority. To date, more than 40 countries have ordered or installed French digital switching equipment and in Kuwait, Italy, Brazil, Greece, and the United States, French videotex systems are currently in operation.

The worldwide exchange of telecommunications information is a two-way street. Approximately 800 French experts a year go abroad to offer technological assistance to the telecommunications networks of other nations.

PTT Trains Visitors

At the same time, up to 500 foreign engineers each year are trained by French Telecom while more than 130 foreign students are taking courses at telecommunications institutes and schools in France. The PTT is heavily involved in an extended series of international telecommunications meetings, putting on audio visual presentations, sending speakers and construction displays to explain French leadership in the field and to offer French assistance.

Technical Advice Offered

More than 80 foreign telecommunications administrations to date have some form of relationship with French Telecom. Often the French advice is technical, but on many occasions it extends into other areas such as administration, training and finance.

A major arm for the extension of French leadership in world telecommunications is SOFRECOM. This organization was founded in 1966 to provide engineering and selling services beyond French frontiers. Approximately one-third of the organization is owned by the PTT with seven French banks holding the remaining shares. Its operating revenue for 1983 should top the FF 80-million level.

Serving 40 Countries

The International Telecommunications Union and major international and regional development banks have approved SOFRECOM's heavy activity in introducing French technology to other areas of the world. In spirited competitive bidding it has won out over rival firms in more than 40 countries and is currently fulfilling terms of well over 300 contracts.

Its specialists are for the most part PTT executives who have piled up years of experience in the design and installation of telecommunications equipment throughout France. Approximately half of SOFRECOM's lean staff of 90 executives are engineers, specialists in data processing, transmission and digital technology.

Management Consultants

A number of SOFRECOM's contracts are pure management consulting. In other areas, international telephone networks have turned to



Transpac national management center in Rennes.

Once the nation is completely telematic, a wide range of products and services will be universally available. Today, TRANSPAC, the national data packet switching network, has 10,000 subscribers. Because of its efficiency in data transmission, France now boasts the largest data network in the world.

Videotex Use Widespread

The telephone network will bring videotex into all homes and offices, permitting customers to call computers and data bases for information as well as permitting them to bank by telephone, shop by telephone and exchange video messages, home-to-home, office-to-office.

Via videotex, there will be memory-to-memory transmission of documents between communicating word processors and computers.

And, France soon will be offering the widest infrastructure of home terminals with the electronic directory.

PTT Profitable

Most significantly, despite the massive investment, French Telecom last year earned an operating profit of FF 5.5 billion and invested FF 27-billion of which 69% was wholly self-financed. Profit and self-reliance are the organization's hallmarks. With 3.2-million lines of digital switching equipment in service in France at the end of 1982, and with another 2-million lines connected this year, France has become an uncontested world leader in telecommunications. And day by day, the French continue to break through new frontiers.

One of the Minutels terminals used for electronic directory service.

SOFRECOM for assistance in operations and maintenance.

Some SOFRECOM experts have been asked to help design and install competing networks. And SOFRECOM also conducts large-scale planning projects for countries in need of assistance.

France Cooperates with India

One of SOFRECOM's biggest contracts has been the ongoing modernization of the Indian telephone network. Training programmes are going on both in France and India as know-how passes from SOFRECOM staff to Indian technicians who are helping to introduce exchanges in an analog network into the vast sub-continent.

Other French organisations promoting PTT technology abroad include France Cables & Radio which is a consulting organisation, Intelsat, the French promotional and sales operation selling videotex products and the Smart Card to the world, and France Telecom which has offices in Caracas, Singapore and New York and promotes a variety of French telecommunications services.

70% Increase

One dramatic piece of evidence that the French are increasing their export drive in the telecommunications field is the fact that their national exhibit in the once-every-four-years Telecom in Geneva in late October 1983 is seven times larger in size than their comparative national exhibit in 1979.

In telecommunications France obviously has something to sell to the world and it's doing so in a big way.



Teletex terminal.

ELECTRONIC TELEPHONE DIRECTORY A REALITY

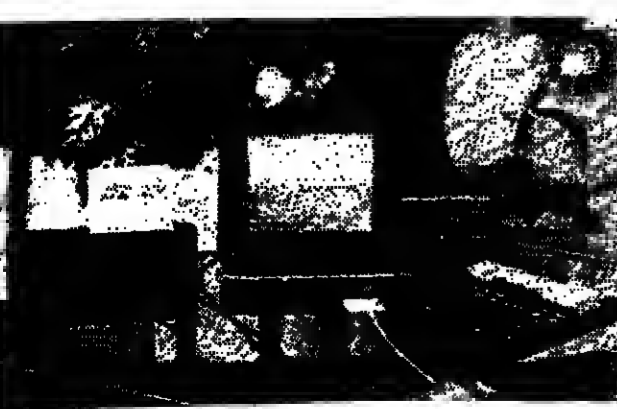
The world's forests are increasingly safe from harm. Thanks to France's PTT, millions of trees will be spared the woodman's axe and not be turned into the paper pages of millions of fat telephone books.

The salvation of the forests is France's new electronic directory service, an alternate and improved way of providing telephone numbers which replaces fat telephone books and the need for a client to run a finger endlessly down long columns of names and addresses. The green light to develop the electronic directory service was given to the PTT in 1978. An initial field test involving 35 individuals and 20 companies was conducted in 1980 at St-Malo.

First Test in Rennes

A second test commenced in May 1981 near Rennes which was gradually expanded until, by the end of 1982, 270,000 telephone subscribers in the Department, including Rennes, had access to a video display terminal in their homes or offices by choosing a Minutels terminal instead of the paper directory.

Public enthusiasm for the electronic directory service is high. Fifty percent of the subscribers contacted agreed to participate, and 80% of the households having terminals were eager to obtain information in addition to phone numbers such as weather reports, railroad timetables and shopping information, on their tiny sets.



A Minutels videotex terminal with telepayment card reader and Coptel hard-copy terminal.

For the PTT, electronic directory services offer some very important advantages, primarily the virtual elimination of a need of directory enquiry operators. Down the line, it will be possible for the organisation to save millions of francs a year in printing costs as the millions of bulky telephone directories of the past will no longer need to be printed.

Round-the-clock Availability

For the consumer, the electronic telephone directory service means round-the-clock availability of telephone numbers, delivered speedily to the home. Most important, the information is remarkably accurate, constantly updated electronically.

The average telephone book, by the end of the year, is more than 30% out of date, people having moved and telephone numbers having changed during the previous 12 months. With the electronic directory service, every change of address, every change of telephone number is automatically inserted into the service with resulting accuracy being close to 100% at all times.

Variety of Searches

The electronic directory also permits clients to search out telephone numbers by profession and job specialty. It is even possible for a caller to ask a telephone number when the client is not sure of the precise spelling of the caller's name. The computer scans various phonetic possibilities and a variety of similar spellings to assist the caller.

Similarly, if a caller is not absolutely certain where the callee lives, the computer can begin a progressive search extending from one town to all neighbouring localities.

If the caller has an emergency problem, the directory service can immediately display all relevant emergency numbers in the caller's geographical area.

This electronic display of telephone numbers is no dream of the future. It is possible in France right now. By the end of 1984 every phone number in France will be listed on the electronic directory.

That old advertising phrase, "Let your fingers do the walking" across the pages of the telephone directory is soon to be outmoded. Tomorrow's fingers will be punching the keyboard of a Minutels terminal instead, and the needed numbers are going to appear on a cathode ray tube instead of on the printed page.

Minutels are manufactured by Telle-Alcatel, Matra and TRT-La Radiotechnique with CAP Gemini Sogeti and SESA-ALCATEL coordinating the system design and implementation.

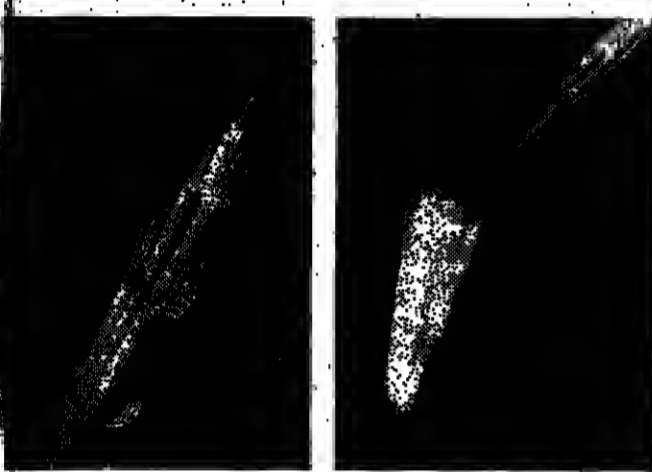
With Minutels in more and more French homes—Lille, Strasbourg, Marseille, and other cities to be added by 1984—it is obvious that these receivers will also become receptors of a wide range of additional data-based information from a variety of sources.

In other words, the electronic directory service is just the beginning.

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TELECOMMUNICATIONS

BIARRITZ: 21ST CENTURY TEST TOWN



Optical fibers.

Biarriz has long been known as a playground for the jet set, a community of sand, sea and roulette tables, sweltering in the Bay of Biscay sunshine.

But France's PTT has cast Biarritz in a new mould. It has become the world's first optical-cable-wired city—a pioneering community in the light new world of videocommunications and telecommunications.

PTT Expands

From 1975 to 1982, the French PTT made giant steps forward in increasing the number of telephone lines in use within national borders. Connections went from a minuscule 7-million to 20-million in less than a decade. But PTT engineers were not satisfied merely to outline connecting phones to the old-fashioned, traditional, copper wire system which has a very limited band width.

A test-tube city was needed in which the technicians could begin important experimentation on a broad band service for customers to receive stereo sound programmes, and moving pictures over their telephone connection and, at the same time, make it possible for them to transmit pictures from their homes to other homes and offices connected on the grid.

Optical Fiber Network

The answer has been the installation of an optical fiber network in Biarritz, connecting by the end of the year 1984 some 1,200 homes and 30 professional offices along a network which makes it possible for users to enjoy a wide range of 21st Century services. Tests start at the end of 1983.

For instance, via optical fiber cable, customers in Biarritz will be able to receive up to fifteen TV channels and 12 FM stereo sound channels in the video equipment which is connected to their telephones; users also have access to a wide choice of services, a number of international TV channels, including ones from Spain nearby, and motion picture programmes provided through a local video bank.

TV By Telephone

It will be possible in Biarritz for two people connected on the system not only to talk to one another but to see one another—if they wish. This last point is important. The French PTT is very sensitive to accusations that the new era of two-way telematics will mean that Big Brother can look, as an unwanted guest, into the private homes of individuals.

This is not to be the case. Two-way video telephoning will be possible

only if both parties agree in advance to allow themselves to be televised. Without the joint permission, the telephone call will be voice-only.

Contracts By TV Phone

In Biarritz, a businessman explaining a document or a contract to an individual on the other end of the telephone line can actually place the document in front of the TV camera in his home or office and the callee can examine the document line-for-line or image-for-image over the telephone via the video-fiber-optic connection.

At present the video-phone links will transmit black-and-white pictures only, because lighting in private homes and offices is often inadequate for good colour filming.

However, full colour capability is already built into the system, and when light sources are sufficient, colour TV, home-to-home or office-to-office, is possible.

All the customers linked up in the Biarritz experiment have full access to a wide variety of videotex services. They will be able to punch up on their TV screens weather forecasts, local train and bus time-tables, lists of local events with dates, prices and seat availability.

Shopping By Telephone

The communication traffic in Biarritz is two-way. Clients will be able to shop by telephone, bank by telephone, make train and airplane reservations by telephone, merely by punching buttons on their home or office terminals.

The most important element of the Biarritz experiment is that it is almost infinitely expandable. As more and more data becomes available, the client has access to information from an increasing variety of sources.

The equipment in each customer's home will include a video-phone, supplied by the PTT, which consists of a telephone hand set, a DTMF key pad, video-phone control keys and a separate videotex keyboard which is affixed to the front of the terminal.

Each home or office will also have one, or more, standard TV sets connected into the system through antenna sockets or "Peritel". The PTT has provided a hand-held unit which permits remote channel selection via infra-red signals. TV reception is better than enjoyed by viewers elsewhere in France, and the TV set receives foreign channels without needing to be multi-standard in construction.

12-Channel Stereo

Many homes will also be fitted with stereo systems for 12 channels. In addition to the video-phone, all homes are already equipped with traditional telephones for use during the trial period until users are fully acquainted with their new electronic equipment. Universal wall sockets will be scattered throughout the houses, apartments or offices so that the video-phones, TV sets and stereo systems can be located in any variety of configurations in all rooms. Video discs are already being designed which can be played over the optical fiber network to the eight video-phones placed in important locations in town. Viewer enthusiasm has been high. The main hotels have already been receiving, since early last summer, eight channels of TV including public services from France, Spain, Switzerland and Belgium.

Trips Planned on TV

Travel agents will be able to show pictures explaining trips and vacation destinations, previewing the actual locations and then permitting customers to punch in their plane reservations.

Teachers will be able to explain a subject and then give the viewers an exam over optical fiber cables, requesting that students punch-in the answers to questions and correcting them when they are wrong.

The citizens of Biarritz, including those who have not yet been hooked into the system, have been playing the system all during the summer on the eight video-phones placed in important locations in town. Viewer enthusiasm has been high. The main hotels have already been receiving, since early last summer, eight channels of TV including public services from France, Spain, Switzerland and Belgium.

The 1,500 customers now hooked up will be studied closely by technical and social experts. The results, when examined, may well change the usage of telephones, CTAV and videocommunications in homes and offices around the world forever.

PTT'S SMART CARD IS CREDIT CARD OF THE FUTURE

If you've ever been frustrated at a pay telephone without coins, or impatient while a retail clerk telephones to verify your credit card purchases, help is on the way.

The French PTT is developing the so-called Smart Card—a magical piece of plastic with an electronic memory imbedded in it which will revolutionize the way the world does business in the future.

The Smart Card looks like a typical plastic credit card. But in its heart is a micro-electronic package composed of a memory with a several thousand bit capacity and a processor which controls read-and-to this memory.



Trial Projects Underway

A number of Smart Card trial projects are already underway in France with the PTT, banks and merchants participating.

The goal is to produce a standard card which can be used for electronic payment at shops, for paying for calls from public telephones and for tele-payment from users' homes and offices.

In each case, the Smart Card makes payment more simple, and increases security, because it reduces the handling of money or cheques.

The U.S. Department of Defense is also interested in the Smart Card as an identity verifying device which would be given to key people for carefully controlled access to high-security buildings or equipment.

Three French cities—Lyons, Blois and Caen—have been conducting large scale Smart Card experimentation. Banks have distributed 125,000 Smart Cards to key customers, and some 600 terminals have been installed in shops which can accept information from the Smart Card.

Card Has Memory

Each card contains in its electronic memory the holder's personal credit rating. The rating indicates to the merchant the total value of purchases which can be made with the card in any single month. The card keeps a record of all the transactions made with it and authorizes or refuses each purchase the moment the merchant inserts the card in his terminal.

The merchant's terminal records the details of all the day's transactions and at the time of the merchant's choosing this data can be transferred electronically to the merchant's account and deleted from the customer's account.

A French expert says that Smart Cards are "The electronic cheque books of the future."

"They're simple. Retail transactions can be completed without using paper and without the customer having to present an identity document."

ment. Meaning that clerks can handle more customers more swiftly, eliminating lines at the cash registers and lessening customer frustration."

This French expert continues "Banks and shopkeepers reduce their costs significantly by using the Smart Card, because it eliminates cheques, papers records and the need to have staff handling them."

Three firms in France are manufacturing Smart Cards and merchant terminals: Bull, Philips Data Systems and Florio-Schlumberger while Signos has created the system software.

Coins Collection a Problem

Like most national telephone systems, the French PTT has faced high costs in the operation and maintenance of its coin operated pay phones. Coin collection is labour intensive, and there have been continuing losses due to vandalism and theft. The Smart Card provides an answer.

PTT is now issuing public telephone Smart Cards which permit the holder to make a telephone call without using coins, simply by inserting the card and punching in his personal identification number. Each card stores a record of all the call charges and data is read automatically to a computer centre for billing purposes.

The payphones using Smart Cards are designed and manufactured, either by Florio-Schlumberger, or by an association of Crouzet and Bull with the related computer system being supplied by Telesystems. The first prototype phones were installed in 1983 and widespread installation is planned for 1984.

The Smart Card is even of use in homes and offices. It can be used in tele-banking to check the holder's bank balance, pay bills, order a new cheque book or negotiate Foreign Exchange.

Train or plane reservations can be made via the Smart Card, the cost of the trip being automatically deducted from one's bank account.

As pay-for-view television emerges as a form of home entertainment the Smart Card will be used to pay for televised views of championship fights and major theatre or film events.

DOMESTIC SATELLITE READIED FOR 1984 LAUNCH

France's PTT is already well into the space age using a variety of international satellites for telecommunications.

But in April 1984, France launches its first domestic satellite, Telecom I, and when it soars into orbit a new era in French communications will begin.

Varied Roles

Telecom I will fulfil a variety of roles. It will handle large segments of telephone traffic between France and its various overseas territories. France's military will use the bird for defense communications. The French video industry will relay signals to it.

The main use will be to establish high-speed digital transmission links through earth stations located near the customer. 320 earth stations, 40 of them in major French cities and 150 in rural communities are contemplated.

Many Countries Linked

Other countries are linking in with the French satellite. Earth stations in the U.K., Belgium, Switzerland and West Germany will direct their antennas towards the bird. West Germany's postal service has contracted to use Telecom I for the transmission of digital information for its customers.

Telecom's virtue is that it is a high-speed digital link with the ability to process large amounts of traffic in a wide variety of band widths. It makes possible video conferencing, the swift transmission of data between computers, and the delivery of



Ariane rocket.

electronic mail. Users need not construct huge antennas to link in with Telecom I. Dishes no wider than 3.5 metres do the job. Boosters aboard the satellite can regenerate digitised signals, improving the quality of transmission.

Controlled from Mulhouse

Traffic to and from the satellite will be controlled from Mulhouse in eastern France. The intricate system is the result of cooperation from a wide variety of manufacturers. The main contractor for the satellite is Matra. The payload is being supplied by Thomson-CSF. Telespace, a joint venture company of Thomson-CSF and CIT-Alcatel, is designing and constructing the earth stations. Matra also has won a contract for the design and construction of video transmission stations.

Next on the launching pad for France is TDF 1, a broadcasting satellite which will be hurled into orbit in the autumn of 1985. This bird will have company along because Germany plans to send a similar satellite up at the same time. Development and construction are the responsibility of a multinational company, Eurosatellite, with Aerospatiale and Thomson-CSF being the major French shareholders.

THE FRENCH PTT DESCENDS TO THE DEPTHS

French Leading the Way in Cable Technology

The French PTT, these days, spends much of time looking up into space, eyeing the transmission of signals via space satellites.

However, the organization simultaneously looks down into the depths of the sea at the same time, because it is an organization in the forefront of submarine cable technology.

Underwater cables are important because they are a most efficient and economic solution to the problem of conveying large amounts of telecommunications traffic over short and medium distances.

Cable Lasts Longer

While satellites are designed to have a seven-year lifetime, cable lasts 25 years.

Currently, more than 40,000 kilometers of French-manufactured submarine links are in service, and designers are working on new systems with capacities ranging up to 8,000 Gbit/s channels.

Most of France's current operation involves the use of coaxial cable which the PTT has been laying and operating since 1957.

French Territories Linked

The thrust of PTT's cable network for many years has been directed toward the Mediterranean, West Africa and the South Atlantic. However, France also played a large role in the laying of major transatlantic cables; currently, three of them, TAT-4, TAT-4 and TAT-5, terminate in France.

Close to two dozen international submarine links carrying approximately 4,000 telephone circuits terminate in France, and eight terminal stations—four on the Mediterranean shore and four on the Atlantic coast—are major link points.

Fifty per cent of these circuits are designed for French use, the remaining 50% are transit circuits to other countries, making France, through its submarine cables, a hub for inter-continental traffic into Europe.

Efficient and Economical

The joy of cables is that they are both efficient and economical. In the 1950's, a transatlantic telephone cable circuit costs \$278,000; that cost has been reduced to \$48,000 today on analog cable.

Currently, the PTT is involved in one of the longest submarine cable projects in the world. When it is completed in 1985, this new link between France and Singapore will stretch more than 14,000 kilometers.

The queen of the French cable-laying fleet is the Vercors, a sleek, white vessel commissioned in 1974 which is one of the most modern cable-laying ships in the world. France needs a fleet of three cable-laying ships and two new vessels were recently launched to support the Vercors.

The new buzz word in the cable-laying business these days is fiber-optics. Fiber optic transmission allows more traffic to flow over each cable, and extends the possibilities for digital transmission of information. The PTT has laid an optical fiber on the French Riviera, and a fiber optic link between France and Corsica will come into service in 1985.

Longest Cable Planned

Looking ahead to April 1988, the PTT's eyes are firmly on TAT-8, the first transatlantic cable which will use optical fibers. More than \$300-million will be spent to design, manufacture and lay this cable. The potential contractors are Subcomar, a joint venture of CIT-Alcatel and Cables de Lyon, Standard Telephone and Cable from the U.K. and American Telephone and Telegraph from the U.S.

When the cable is deployed, it will handle more than 40,000 calls simultaneously, which represents a doubling of the current amount of traffic which can be transmitted between the North American continent and Europe.

Some scientists have labelled the depths of the oceans, "the world of inner space". Inner space, outer space—the PTT is heavily involved in both.



One of the three French cable ships, the "Vercors".

KEY TERMS

The French PTT takes the modern language of telematics.

For the uninitiated, here is a short glossary of the terms used in the science, and their definitions:

OPTICAL FIBER

In telecommunications, a circular wave-guide made of silica and used as a transmission medium. Information is transmitted as a modulated light instead of by electrical signals. Advantages include very high bandwidth, compactness, and immunity to electromagnetic and radio-frequency interference. Optical fibers and lightwave

transmission will be employed increasingly in place of copper-pair and coaxial cables.

DISTRIBUTED SERVICES

Services in which moving picture or sound programs are distributed simultaneously to many subscribers from a central point.

INTERACTIVE DISTRIBUTION

A method of implementing distributed services in which communication is two-way: subscribers send program-selection signals to the central equipment, and receive at their homes only the selected TV or other channels. An improvement over conventional one-way cable TV.

SWITCHED SERVICES

Services in which communication channels are established on demand between pairs of subscribers. Examples are telephony and videophony.

VIDEOPHONY

A switched service in which correspondents can not only talk to each other, as in telephony, but also see each other.

VIDEOTEX

A system by which subscribers can dialogue through the telephone network with a computer centre to obtain information or complete transactions. Each subscriber has a keyboard and a screen, possibly integrated in the same

terminal. The information obtainable can include, for example, timetables, weather forecasts, stock exchange quotations, and lists of local events, while the transactional services can include teleshopping and seat reservations.

TELETEL

The name of the French interactive videotex system and technology.

SUPERVIDEOTEX

A proposed upgrading of videotex to allow transmission of moving pictures and sound.

ELECTRONIC TELEPHONE DIRECTORY

Use of videotex to obtain telephone directory information.

This survey of PTT activities was written by Arturo Gonzalez, an American journalist living in Europe who has written previously for the International Herald Tribune, New York Times, Washington Post and other publications. The survey was designed by Jayney Stahl, a French designer living and working in Paris.

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Wall Street Seen
Afternoon: Is
 The market today is expected to be a continuation of the recent trend, with a focus on the performance of the major indices. Analysts are watching for any signs of a reversal in the current volatility.

Market Outlook
 The overall sentiment remains cautious, with investors closely monitoring economic data and corporate earnings reports. The Federal Reserve's stance on interest rates is a key factor influencing market movements.

Key Stocks to Watch
 Several sectors are expected to see significant activity, including technology, healthcare, and financial services. Investors are advised to stay informed about the latest developments in these areas.

Commodity Prices
 The price of oil and other commodities is a major concern for many investors. Fluctuations in these prices can have a direct impact on the economy and market performance.

Global Markets
 International markets are also under scrutiny, with particular attention on the Asian and European economies. Global trade tensions continue to be a topic of discussion.

Conclusion
 The market is in a state of flux, and investors should remain vigilant. Keeping abreast of the latest news and financial reports is essential for making informed decisions.

Market Data Summary
 The following table provides a snapshot of key market indicators as of the latest update.

Index	Value	Change
Dow Jones Industrial Average	30,125.12	+150.25
S&P 500	4,567.89	+25.10
NASDAQ Composite	12,345.67	+75.30
Russell 2000	2,109.87	+10.50
NYSE Volume	3.2B	N/A

*Data as of 4:00 PM EST. All times in Eastern Standard Time.

THURSDAY, OCTOBER 27, 1983

WALL STREET WATCH

By FRED R. BLEAKLEY

IBM Stock, Seen to Represent 'Safety, Motherhood,' Is Darling of Investors

NEW YORK — Professional money managers are experiencing a touch of déjà vu these days, but it is not just because the 15-month-old bull market resembles one of those long, glorious rallies of the 1960s. Rather, IBM, their favorite growth stock, is back.

The stock of International Business Machines has nearly tripled in price since late 1981. And, this year alone, it has advanced 40 percent, compared with a 25-percent gain for the Dow Jones industrial average, of which IBM is a component. On Oct. 10, the stock hit a record \$134.25 a share. IBM closed Tuesday at \$128.50, up 25 cents. Not since the late 1960s and early 1970s has IBM been on such a roll.

That's no small accomplishment for what might seem to be a lumbering issue with more than 600 million shares outstanding, giving it a current market capitalization of almost \$80 billion. Moreover, since it is the largest holding in institutional portfolios, any advance by IBM is thought by many to provide a psychological lift that is good for the market as a whole.

But will the bullishness last? Certainly there is no shortage of positive developments, ranging from its 25-percent increase in third-quarter earnings, announced Oct. 14, the presentation of the other week of two new high-powered, high-priced microcomputers, to the expected introduction any day now of the Personal Computer, what's more, as the economy continues to grow, companies will be accelerating their purchases of big-ticket office equipment.

Nonetheless, there is general agreement among money managers and analysts that it would be too much to expect IBM's stock to keep up its torrid pace. Instead, most expect it to perform at least as well as the rest of the market and, most likely, to do only slightly better. "It's not as creative a new investment idea as it was a year or two ago," said Peter Labe of Smith Barney, Harris Upham, who continues to recommend the stock, partly because it offers a "high comfort level."

So many other technology companies, Mr. Labe observed, "have shot themselves in the foot. IBM is safety and motherhood." Indeed, a recent flight to quality in the technology sector has been a major cause for IBM's strength.

"IBM is more for the less aggressive investor now; it is going to move slower," said Donald Sinsbaugh, of Swergold, Chaffetz & Sinsbaugh, an institutional brokerage firm. Marc Schulman, computer analyst for First Boston Corp., also does not expect IBM to be a red-hot performer, at least through the middle of next year, because "the rate of earnings increase will slow somewhat in 1984." But he switched his short-term recommendation from a hold to a buy last week following IBM's new product announcements, which suggest, he said, that the "earnings momentum leaving 1984 will be even stronger than I previously expected."

In 1985, Mr. Schulman looks for earnings also to accelerate because of IBM's planned introduction of its Sierra series of mainframe computers.

Catalyst for Earnings Surge

The catalyst for IBM's earnings surge in recent years apparently was the expectation that the Justice Department would abandon its antitrust suit against the company, which it did in January 1982. That suit, initiated in the early 1970s, plus an overconfident sense of complacency, had caused IBM to become less bold in marketing and pricing in the past decade, analysts say. As a result, its market share in the computer industry skidded to 50 percent from 70 percent and earnings lost their strong momentum. By 1981, the stock had become "very, very dull and boring," said Frank Wisneski, portfolio manager in charge of the W.L. Morgan mutual fund in Boston. "It was dead. Everyone left it."

Mr. Wisneski does not feel that way now. The biggest single holding of his \$420-million fund, which is part of the Vanguard Group, is 160,000 shares of IBM.

IBM is now regaining market share with a vengeance. Even before the formal ending of the Justice Department suit, the company apparently felt more comfortable in aggressively pursuing more business. Among other things, it has in recent years built new factories to improve delivery of products, automated old factories to lower operating costs, engaged in aggressive price-cutting and offered attractive credit terms to encourage lease customers to buy equipment.

In addition, IBM has continued to push new technological advances in a broad array of office equipment and has more than made up for the time it lost from its late entrance into the minicomputer and microcomputer fields. "It's an incredible example of what vitality a big company can have," said Robert Kirby, chairman of the Capital Guardian Trust Co. in Los Angeles.

Mr. Kirby's institution had sold off its IBM holdings in the early 1970s and did not start buying it again until mid-1980. It now holds 4 million to 5 million shares, representing more than 6 percent of its \$8-billion equity portfolio. Despite such a sizable position and the fund's capital gains on the stock, Mr. Kirby says he is not about to cash in. He believes the stock is still "undervalued on a relative basis."

New York Times Service

CURRENCY RATES

Interbank exchange rates for Oct. 26, excluding bank service charges

	U.S.	Swiss	West	Japan	U.K.	France	Italy	Spain	Portugal	Belgium	Netherlands	Sweden	Denmark	Norway	Finland	Greece	Turkey	South Africa	India	Singapore	Malaysia	Thailand	Philippines	Indonesia	Pakistan	Bangladesh	Sri Lanka	Kenya	Uganda	Tanzania	Zambia	Botswana	Namibia	South Korea	Hong Kong	Taiwan	China	USSR	Cuba	Vietnam	Laos	Cambodia	Myanmar	Brunei	Saudi Arabia	Oman	Yemen	Qatar	U.A.E.	Bahrain	Kuwait																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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BUSINESS BRIEFS

West Germany Makes Final Offer Of Aid to Thyssen-Krupp Merger

BONN (Reuters) — The West German government has made a final offer of 500 million Deutsche marks (\$192.3 million) of aid to a merger of the steel arms of industrial giants Thyssen and Krupp, Economics Minister Otto Lambdendorf said Wednesday.

He told a press conference the companies had until Nov. 2 to reply to the offer. He said the aid would be repayable under certain conditions. The government previously offered 300 million DM to aid the merger.

In Düsseldorf, a Thyssen spokesman said his company considers the offer inadequate. Thyssen will continue to seek a merger with Krupp in the processing sector, but will only propose cooperation in the areas of carbon and special steels, he said.

Eagle Star Asks Probe of Allianz Bid

LONDON (AP) — Eagle Star Group, the London insurance giant, has petitioned the British Office of Fair Trading to investigate an unfriendly \$1.38-billion takeover bid by Allianz, the West German insurance group, Eagle Star said Wednesday.

The group filed a 67-page document with the office, asking for a ruling against the takeover, an Eagle Star spokesman said. Chief among its arguments is whether it would be desirable for a foreign company to gain control of a British company with more than \$5.25 billion under its control, British Press Association reported.

Allianz launched its bid last week after it made purchases on the London stock market that increased its share of Eagle Star stock from 28 percent to just under 30 percent, an Eagle Star Group spokesman said. Its \$7.50-a-share offer was dismissed by Eagle Star directors as "completely unacceptable," he said.

Eastern Delays Dividend Payments

NEW YORK (NYT) — Eastern Airlines, which suffered a large loss in the first nine months of 1983, has announced that its board had postponed the payment of the quarterly dividend on all three classes of preferred stock.

The airline also said Tuesday that it would not issue the transportation discounts in January that it had said would be offered to shareholders of common stock. The postponed dividends would have totaled \$6.4 million.

U.K. Trade Surplus Shrank From '82

LONDON (Reuters) — Britain recorded a provisional trade surplus of £110 million (\$165 million) in September, in contrast to August's £138-million deficit, the Department of Trade and Industry said Wednesday. In September 1982, the surplus was £325 million.

The current account surplus was put at £270 million in September, after August's £22-million surplus. A year earlier, the surplus was £447 million.

Exports rose to £5.21 billion from £4.93 billion in August and £4.76 billion a year earlier, while imports rose to £5.10 billion from £5.06 billion in August and £4.43 billion a year earlier.

OPEC Panel to Discuss Oil Output

VIENNA (Reuters) — A committee of the Organization of Petroleum Exporting Countries was to meet here Thursday to discuss the group's apparent inability to keep its oil production within the limits it has set.

The four-member market monitoring committee said at its last meeting here in September that the world oil market was not strong enough to permit OPEC to exceed a production ceiling of 17.5 million barrels a day that was set last March.

The committee expressed concern that the excess production was going into oil company reserves and did not reflect a real increase in demand among its customers.

Finnish Devaluation Seen Early in '84

LONDON (REI) — Finland is likely to devalue its currency, the marka, by 3 to 5 percent early next year, International Treasury Management said Wednesday.

ITM, a joint venture of Hongkong & Shanghai Banking Corp. and Marine Midland Bank, said the devaluation is likely because of a restructuring of the trade-weighted basket of currencies that determines the marka's value. The restructuring, announced last week and effective Jan. 1, raises the dollar component of the basket to nearly 20 percent.

Xerox Reports Earnings Rose 13%

STAMFORD, Connecticut (AP) — Xerox Corp. said Wednesday that its third-quarter profit rose 13 percent from a year earlier despite a 4.6 percent drop in revenue.

Xerox said earnings rose to \$112 million from \$99 million, while revenue slipped to \$2.03 billion from \$2.13 billion.

However, Xerox's per-share earnings for the latest quarter fell to \$1.05 from \$1.17 because Xerox had 12.2 percent more common shares outstanding than in the year-earlier quarter. For the nine months, profit rose 6.4 percent to \$394 million on slightly lower revenue of \$6.21 billion.

Bethlehem Steel's Deficit Narrows

BETHLEHEM, Pennsylvania (AP) — Bethlehem Steel Corp., citing depressed prices, low steel shipments and pressure from imports, said Wednesday its \$39.7-million loss in the third quarter narrowed from its \$208.9-million loss a year earlier.

Sales in the quarter rose 2 percent to \$1.22 billion from \$1.2 billion.

Chrysler Reports Profit Soared

The Associated Press

HIGHLAND PARK, Mich. — Chrysler Corp. said Wednesday that it earned \$100.2 million in the third quarter, boosting the automaker's profit so far this year to a record \$582.6 million.

The company noted that its earnings in the third quarter, amounting to 72 cents a share, were nearly 10 times last year's third-quarter profit of \$9.4 million, or 3 cents a share.

The improvement stemmed from increased car and truck sales and cost-cutting, the company said. Third-quarter sales rose 12 percent to \$2.8 billion from \$2.5 billion a year earlier.

Chrysler was the third U.S. automaker to report results for the latest quarter. Monday, industry leader General Motors Corp. announced a record \$736.9-million profit, while American Motors Corp. had a \$9.1-million loss. Ford Motor Co.'s results are due later this week.

Auto analysts predict the four major U.S. carmakers' profits for the third quarter will total about \$1.1 billion.

Volkswagen of America Inc. does not release earnings separate from its parent company in West Germany.

Chrysler's most profitable year was 1976, when it earned \$422.6

million, and it has surpassed that already this year.

Chrysler, ranked third behind GM and Ford, reported worldwide factory car and truck sales in the third quarter were 316,861, up 11.3 percent from 284,601 a year earlier. Also in the period, Chrysler paid off the remaining \$900 million of its \$1.2 billion in federally guaranteed loans and bought warrants for company stock held by the federal government for \$311 million.

The automaker also reached a \$1-billion agreement with the United Auto Workers covering some 56,000 U.S. workers Sept. 6, and another agreement for 10,000 Canadian workers also was reached that month.

Mobil Says Its Earnings Jumped 42%

Compiled by Our Staff From Dispatches

NEW YORK — Five more U.S. oil companies reported higher earnings for the third quarter.

New York-based Mobil earned \$404 million, or 99 cents a share, up more than 42 percent from \$284 million, or 68 cents a share, a year earlier. Revenue fell 7.7 percent to \$14.2 billion from \$15.4 billion.

In the nine months, Mobil's earnings climbed 29 percent to \$1.05 billion, or \$2.60 a share, from \$815 million, or \$1.94 a share, a year earlier. Revenue fell 9.8 percent to \$42.9 billion from \$47.6 billion.

Tecaco Inc. said profit rose 9 percent to \$331 million, or \$1.28 a share, from \$303 million, or \$1.16 a share, a year earlier. Revenue fell 10 percent to \$10.6 billion from \$11.8 billion.

Gulf Oil Corp., Sun Co. and Phillips Petroleum Co. said their profits rose for a variety of reasons, including lower operating costs and better refining results.

John K. McKinley, chairman of Tecaco, said the company's results were helped mainly by higher earnings from oil and natural gas production in foreign countries. He also cited the benefits of cutting costs and improving productivity.

For the nine months, Tecaco earned \$977 million, or \$3.80 a share, on a 16-percent revenue de-

cline to \$30.6 billion. That was a slight improvement from the corresponding period last year, when it earned \$975 million, or \$3.74 a share, on revenue of \$33.3 billion.

Gulf cited the benefits of a cost-cutting program in reporting that profit climbed 74 percent to \$276 million, or \$1.66 a share, from \$159 million, or 89 cents a share, a year earlier. Revenue was unchanged at \$7.5 billion.

For the nine months, Gulf earned \$681 million, or \$4.04 a share, up 5.3 percent from \$674 million, or \$3.69 a share. Revenue slipped 4.9 percent to \$21.4 billion from \$22.5 billion.

In Bartlesville, Oklahoma, Phillips Petroleum said its third-quarter earnings rose 15 percent to \$176 million, or \$1.15 a share, from \$153 million, or \$1 a share, a year earlier. Revenue said 2.8 percent to \$3.89 billion from \$4 billion.

For the nine months, Phillips profit slipped 3.5 percent to \$474 million, or \$3.10 a share, on a 4.3-percent revenue drop to \$11.32 billion. That compared with earnings of \$491 million, or \$3.22 a share, on revenue of \$11.83 billion a year earlier.

Sun Co. said its third-quarter earnings rose 10 percent to \$167 million, or \$1.41 a share, from \$153 million, or \$1.28 a share, a year earlier. Revenue fell 4.6 percent to \$3.77 billion from \$3.95 billion.

IBM and France's CGE Holding 'Discussions'

(Continued from Page 11)

new, cooperative ventures with leading companies in the field of data processing and which possessed a worldwide marketing network. "IBM is one of, but not the only, company we have had discussions with," one of the French executives said.

Senior executives of American Telephone & Telegraph Co. and of Philips of the Netherlands, which earlier this year formed a joint telecommunications venture, said that if the IBM-CGE talks resulted in a major agreement it could represent a potentially powerful competitor in the telecommunications field.

Details "are not known, it is too early to comment, but if true the deal could represent a newcomer in this field," a Philips executive said.

Neither IBM nor CGE would comment on how, specifically, their cooperation might evolve, should there be an agreement. But European industry sources suggested that it might involve IBM's new venture

announced last June with Rohn Corp. of Santa Clara, California. Those two companies said that they would cooperate to develop technology and equipment for computers and office equipment.

They also said in a joint announcement last June 10 that they would be specifically "studying ways of cooperating in Europe" that could cover such areas as voice and data communications systems.

CGE is seeking to expand in similar areas but its executives declined Wednesday to comment on how the discussions with IBM might affect its negotiations with Olivetti. The two companies are in the final stages of negotiating an agreement mainly to build a new electronic typewriter plant in France and the agreement if reached, could be expanded.

"It would appear difficult for CGE to make a deal with both IBM and Olivetti particularly in areas where the latter two compete directly," a senior European executive said.

EC Is Seeking Easier Antitrust Curbs on R&D

The Associated Press

BRUSSELS — The European Community, afraid of losing the high-technology race with Japan and the United States, proposed Wednesday that some antitrust laws be relaxed to spur research and development.

The EC Commission said it would ask its 10 governments to exempt some industrial research agreements that might otherwise be outlawed by community anti-trust rules. The plan could receive final approval by the end of next year, a commission report said.

It said the request was prompted by complaints from business executives that EC rules require case-by-case examination of exemptions from fair-trade rules.

The commission first must define the exemption to exclude what it termed low-technology sectors.

EC Raises Subsidy 10% On Flour Sales to Egypt

The Associated Press

BRUSSELS — The European Community said Wednesday it was boosting by 10 percent its subsidy for wheat-flour sales to Egypt.

The announcement was the latest salvo in a protracted fight between European and U.S. producers for the world's biggest flour market.

The 10-nation trade bloc's Executive Commission announced an increase of six cents a ton in the subsidy it pays to exporters of flour to Egypt, bringing the total subsidy to 67 cents a metric ton, or nearly one third the total price.

A EC spokesman said the decision was made to recapture "a traditional European" market that the U.S. captured last year when the Reagan administration increased the U.S. subsidy and U.S. exporters sold a million tons of flour to Egypt.

Asked if the EC retaliation might touch off a "trade war" in agricultural products with the United States, the spokesman said: "Having

ing destroyed the market for flour, they can hardly complain."

The additional EC subsidy would be for 400,000 tons of flour. The spokesman said the increase in the subsidy would cost the EC \$2.4 million, making the total wheat subsidy for Egyptian sales \$24 million.

Egypt consumes about 20 percent of the world's exported wheat flour and its total needs are expected to reach 1.6 million tons in 1984. Excluding donated wheat-flour stocks, it is expected Egypt will need to buy about one million tons of wheat flour next year from outside sources, the spokesman said.

"Because of the U.S. sale in 1983, this year is written off for us; now we're talking about 1984," he said.

France has the largest wheat production in the 10-nation bloc. It has been pressing for increases in the EC subsidy to help reduce growing surpluses.

Wheat stocks in the EC at mid-year were 10.5 million tons, one of the highest levels since the trade bloc started pursuing a common agriculture policy 25 years ago.

U.S. Banks Found Quarter Tough

(Continued from Page 11)

amount of primary capital they hold in relation to their total assets. Primary capital represents funds that belong to a banking company and its shareholders, and which do not have to be paid back to investors.

Primary capital also provides a cushion between possible losses and money that belongs to depositors. The ratio to assets determines what a banking company may lend or invest.

The ratio has taken on added significance this year because the Federal Reserve Board has ruled that before a major bank-holding company can increase loans or investments, primary capital must constitute at least 5 percent of its total assets.

For the entire group, primary capital rose to 5.67 percent of assets during the third quarter, continuing an upward trend that started last year. Because primary capital can be leveraged — up to twenty-fold, that increase adds billions of dollars to the amount the banks are able to lend.

At the end of the third quarter, only two of the 15 bank-holding companies reported ratios below 5 percent. They were the two largest, Citicorp and BankAmerica, with ratios of 4.85 percent and 4.78 percent, respectively.

As one way of raising primary capital levels, some banks have been issuing preferred stock, which can be offered to investors — most-

ly large corporations — at a lower interest rate than on ordinary debt because corporations do not pay tax on 85 percent of dividend income, and thus require a lower base return.

The move has been successful in lifting primary-capital levels, but the sale of preferred stock creates a discrepancy between net income and earnings per share, inflating net income in relation to earnings per share.

Many analysts see dividends paid on preferred stock as a cost of funding, which, like interest paid on other types of borrowed money, should be deducted from net income. The banks, however, have been deducting dividends only on per-share earnings.

In the third quarter, for example, Chemical New York Corp. reported that its aggregate net income rose 10.2 percent from the like period a year earlier. By contrast, per-share earnings declined 3.5 percent.

Chemical acknowledged that the per-share earnings reflected the issuance of additional preferred and common shares, but did not specify how much of the decline in per-share earnings was due to the issuance of additional common shares and how much was due to dividends paid on preferred shares.

To adjust for the difference in the way dividends on preferred shares are treated, the method of calculating return on assets and return on equity has been changed in the chart with this article. These

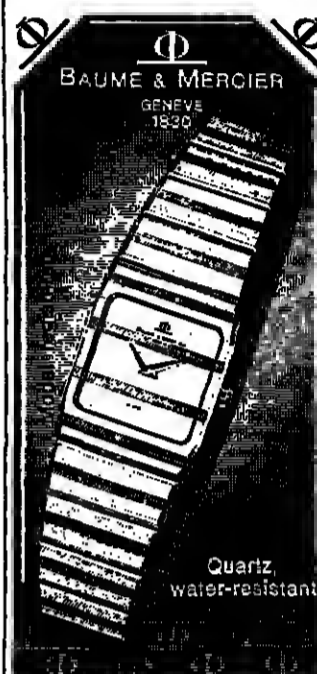
ratios are now based on net income less preferred stock dividends. And the change in earnings is now calculated on a per-common-share basis.

Based on the new criteria, during the third quarter the Los Angeles-based Security Pacific Corp. had the highest return on assets, and after Citicorp, the second-highest return relative to average shareholder equity.

Reflecting its huge loss, Interfirst Corp. was placed last in both key areas.

Because of a change in the way banks chartered in New York State classify nonperforming loans, the problems associated with Latin American debt were generally avoided in the third quarter. But if solutions to the liquidity crises still under way in both Brazil and Argentina are not found in the next three months, the impact on fourth-quarter and year-end balance sheets could be severe. For the moment, however, some bank stock analysts are relatively sanguine about the future.

"With the exception of energy and international loans, nonperforming loans are starting to decline," said Robert A. Albertson, an analyst at Smith Barney, Harris Upham & Co. "At the moment, the problems associated with the troubled international loans seem more technical than real," he added. "I am not looking at the developing countries as loss producers for the banks."



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Banco di Santo Spirito	Banco di Sicilia	The Bank of Tokyo Ltd.
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Citibank, N.A.	Continental Illinois National Bank and Trust Company of Chicago	Istituto Bancario San Paolo di Torino
Eptaconsors S.p.A.	Morgan Guaranty Trust Company of New York	Nuovo Banco Ambrosiano

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Istituto Bancario San Paolo di Torino	Morgan Guaranty Trust Company of New York	Continental Illinois National Bank and Trust Company of Chicago	Nuovo Banco Ambrosiano
Monte dei Paschi di Siena	American Express International Banking Corporation	Banca Popolare di Milano	Banco di Roma
Bankers Trust Company	Banque Bruxelles Lambert	The First National Bank of Chicago	Credito Italiano
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Banca Cattolica del Veneto	Società Generale di Banque N.A.	Wells Fargo Bank N.A.	Credito Commerciale
Manufacturers Hanover Trust Co.	Algemeene Bank Nederland N.V.	Banca Centro Sud	Chemical Bank
Irving Trust Company	Credito Varesino	Deutsche Bank A.G.	Istituto Bancario Italiano
Credito Lombardo	Banca Agricola Popolare di Ragusa	Cassa Centrale di Risparmio V.E. per le Province Siciliane	Banca Nazionale delle Comunicazioni
Standard Chartered Bank PLC	Cassa di Risparmio di Padova e Rovigo	Cassa di Risparmio di Bologna	Cassa di Risparmio di Calabria e Lucania
Banco di Sardegna	Cassa di Risparmio di Verona Vicenza e Belluno	Cassa di Risparmio di Civitavecchia	Cassa di Risparmio di Trieste
Cassa di Risparmio di Firenze	Cassa di Risparmio di Padova e Trieste	UBAE - Arab Italian Bank	Banca di Trento e Bolzano
Cassa di Risparmio di Roma	Banca di Spilimbergo - A. Tanzi & C. S.p.A.	Banca Popolare di Boiano	Banca Popolare di Cremona
Banca Provinciale Lombarda	Banco di Perugia	Banco di Saluzzo	Banco di Pavia
Credito Lombardo	Cassa di Risparmio della Spezia	Cassa di Risparmio di Saluzzo	Cassa di Risparmio di Genova e Imperia
Banca di Messina	Credito Bergamasco	Creditwest	Cassa di Risparmio di Trento e Rovereto
Banca Generale di Credito			Oresder Bank A.G.
Banco di Chiavari e della Riviera Ligure			
Barclays Bank International Limited			
Cassa di Risparmio di Pisa			
Cassa di Risparmio di Vigevano			

Agent

BANCO DI ROMA

September 1983

Matsushita Says Net Rose 18%

The Associated Press
TOKYO — Matsushita Electric Industrial Co. said Wednesday that its third-quarter profit climbed 18 percent from a year earlier on a 13-percent sales rise.

Matsushita, a large maker of consumer electronics products whose brands include Panasonic, Quasar and National, said the improved earnings largely reflected an improved U.S. market and cost-cutting.

Earnings in the third quarter ended Aug. 31 rose to \$174.9 million from \$147.7 million a year earlier, while sales increased to \$4.4 billion from \$3.5 billion.

For the fiscal nine months, Matsushita's profit rose 9 percent to \$509.7 million from \$466.6 million, and sales advanced 8 percent to \$1.65 billion from \$1.5 billion. Matsushita said the latest results were translated at a rate of 244 Japanese yen equalling \$1, the prevailing rate last Aug. 19. On Wednesday, the dollar closed at 232.5 yen in Tokyo foreign-exchange trading.

The company said sales of video-recorders in the third quarter gained 21 percent to \$1.08 billion, while sales of electronic components rose 35 percent to \$422.6 million, and communication- and industrial-equipment sales gained 32 percent to \$365.2 million.

Matsushita also said "recovery was seen in the audio-equipment field, where sales increased 6 percent and 2 percent for the third quarter and nine months, respectively."

Budget Deficit For '83 Was \$195.4 Billion

(Continued from Page 11)

tions, at \$288.9 billion, down 3.1 percent from fiscal 1982.

• Corporate income taxes, at \$37 billion, down 24.8 percent.

• Interest on the national debt, at \$128.8 billion, up 9.7 percent.

• Crop price-support payments, at \$18.8 billion, up 62.5 percent.

• Unemployment benefits, at \$49 billion, up 53.4 percent.

The Senate is considering a \$103.3-billion cut in spending in the next three years following approval Tuesday by the House of \$123 billion in cuts ordered by the 1984 budget resolution.

The reconciliation bill before the Senate would limit pay raises for federal workers and delay cost-of-living payments for government retirees.

The action by the House was the first attempt to implement the \$123 billion in three-year spending cuts specified by the 1983-1984 budget resolution that Congress adopted in June.

On the tax side, sources on Capitol Hill said it was unlikely that any major progress will be made in forging a new revenue-raising bill this week.

A series of amendments that Democrats hope to attach would be collected over three years to \$75 billion, far higher than a modest \$28 billion tax-reform proposal originally scheduled for consideration this week but apparently now postponed.

Before the 1983 budget report was released, Martin S. Feldstein, chairman of the President's Council of Economic Advisors, urged Congress Wednesday to act now to reduce annual federal deficits expected to be at least \$200 billion for many years ahead.

Mr. Feldstein said the damage caused by enormous deficits shows up in future years. He urged Congress to go back to President Ronald Reagan's budget, proposed in February, which called for spending cuts and tax increases to be enacted this year to take effect around 1985 and 1986.

The White House has since backed away from the "contingency tax" that Mr. Feldstein keeps promoting.

Failure to deal with these projected deficits, Mr. Feldstein said, would increase the national debt by about \$1 trillion over the next five or six years, forcing interest payments of \$80 billion to \$100 billion a year indefinitely. That, in turn, would require 1988 tax increases of 15 percent to 20 percent, Mr. Feldstein warned.

The latest report on the size of the national debt, for Oct. 24, showed it at \$1,383 trillion.

Nissan Develops An Electric Car With A.C. Motor

The Associated Press

TOKYO — Nissan Motor Co. said that it has developed what it called the first prototype of a battery-powered automobile with an "alternating-current" engine.

A spokesman said Tuesday the car can run for up to 160 kilometers (100 miles) at a speed of 40 kilometers an hour without recharging. The two-seat automobile reached a top speed of 90 kilometers an hour in trials, he said. Up until now, he said, battery-powered cars have been able to run for only 14 hours at a speed of 40 kilometers.

Study Says Sanctions Have Had Limited Success

By Hobart Rowen

Washington Post Service

WASHINGTON — Economic sanctions imposed since the end of World War I have had limited success but have proved to be virtually useless when wielded by one strong power against another, a new study contends.

In the report, which was released Tuesday, Gary C. Hufbauer and Jeffrey J. Schott said they studied 99 cases in which sanctions were imposed. They said the successes that were achieved came mostly against small countries and that sanctions worked when only modest foreign policy goals were sought.

But despite the general lack of success of economic sanctions in major situations, such as the U.S. efforts to halt the sale of grain and gas pipeline equipment to the Soviet Union, major nations continue to resort to economic sanctions because they "can provide a satisfying theatrical display, yet avoid the high costs of war."

The authors, however, predict that the economic weapon "will not regain a measure of respectability in the years ahead unless sanctions are deployed more judiciously."

One of the reasons for the failures, they said, is that sanctions often unify the population of the target country both in support of the government and in looking for alternatives.

Allies of a target country also rally to its support. "Generally if attempts are made to enforce the sanctions on an extrajudicial basis, as was done in the recent pipeline case,"

Sanctions also bring outcries from the affected business communities in the countries that is taking the action, the study says.

The authors defined economic sanctions as the deliberate government-inspired withdrawal, or threat of withdrawal, of "voluntary" trade or financial relations.

Even when they do not do their intended job, sanctions can serve important political purposes at home, such as distracting public attention from domestic troubles or building patriotic feelings. For example, the authors cite U.S. sanctions against Japan prior to World War II.

Their analysis shows that the United States was involved alone with or with others in 62 of the 99 cases.

The United States, for example, successfully pressed the British and

French to leave the Suez in 1956. But lately, the report says, the United States has been less successful. Turkish troops, for example, are still in Cyprus almost 10 years after their invasion, despite U.S. economic sanction in the mid-1970s. The U.S. grain embargo and the boycott of the 1980 Olympic Games also failed to discourage the Soviet intervention in Afghanistan.

The Soviet Union has also failed every time it has used sanctions to try to overthrow a government in the socialist bloc, the study says. Failures include Yugoslavia in 1948, China in 1960, Albania in 1961 and Romania in 1965.

However, the Soviet Union had one success, the authors say, when they were able to coerce Finland into adopting a friendlier posture toward Moscow in 1958.

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Bonn Says Surplus Narrowed

The Associated Press

WIESBADEN, West Germany — West Germany's trade surplus widened from August to \$1.38 billion in September, while its current account deficit narrowed to \$230 million, the government said Wednesday. However, last month's trade surplus was narrower than September 1982's \$1.99 billion.

Last month's trade surplus compared with an August surplus of \$956.5 million.

The deficit in the current account, a broad measure of trade in merchandise and services, was a big improvement from the \$1.3-billion deficit posted in August. But the current account was balanced in September 1982, the government said.

The preliminary deficit in the current account for the first nine months of the year was \$191 million, compared with a deficit of \$1.34 billion in the like period last year, it said.

For the first three quarters of 1983, the preliminary trade surplus was \$1.163 billion, less than the \$13.7 billion a year earlier.

S. African Gold Output Increased in August

JOHANNESBURG — South African gold output rose to 58,080 kilograms in September from 57,200 in August and 56,560 in September 1982, the Chamber of Mines said Wednesday.

This brought total output for the first nine months of this year to 511,170 kilograms, up 2.9 percent from the 496,850 kilograms produced a year earlier.

Irish Inflation Rise Forecast

Reuters

DUBLIN — Ireland's inflation rate is projected to be over 11 percent by the end of this year, up from its present 10 percent rate, the central bank forecast.

Canada

Gulf Canada

3rd Quarter, 1982

Revenue, \$1,200,000

Net Inc., \$1,150,000

Per Share, \$1.15

1982 9 Months

Revenue, \$3,600,000

Net Inc., \$3,500,000

Per Share, \$3.50

1983 3 Months

Revenue, \$1,200,000

Net Inc., \$1,150,000

Per Share, \$1.15

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COMPANY EARNINGS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

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ART BUCHWALD

'The Mondale Stuff'

WASHINGTON — The Mondale people are going gaga trying to figure out how to counter-act all the publicity John Glenn is getting from the film "The Right Stuff." The movie hype has made Glenn a far more serious candidate than he was before, and Mondale's headquarters is running scared.

"What we need," said one of Mondale's top advisers, "is our own film with Mondale as a hero. We could call it 'The Real Thing.'"

"The title's fine but what about a story line? Fritz over orbited into space."

"He flew in Air Force One when he was vice president."

"I'm not sure most people would consider that as risky as being an astronaut."

"But we could make it into a dramatic story. No one has ever done the thrilling saga of what goes into becoming a vice president of the United States. We could show how they're chosen after rigorous testing, and how they're trained to handle one of the most important missions in the country."

"Yeah, so what role does Fritz play?"

"He's the serious one who rides herd on the other vice presidential candidates, who are always horsing around and getting into trouble with their superiors and sometimes their wives."

"You really think people will pay money to see that?"

"It all depends on the way it's done. This has to be a human story and what makes it human are the vice presidential candidates' wives who have to support them, not showing fear and trepidation whenever their men are sent on a training mission to raise a million dollars for the party."

"Joan will be the heroine of our story. We'll show her trying to keep busy, ignoring the thought that at the very moment she and her children are watching him on television, her husband has his hand on the throttle that will open a new federal dam in New Mexico."

"Don't forget the press, and the role they play in making vice presi-

dents the United States' heroes."

"It will be in the script. We'll show an ordinary guy from the wheat fields of Minnesota being thrust into the limelight by a hungry, voracious media. We'll depict the invasion of his private life, and how he and Joan were able to handle it. We'll have a scene in which Fritz chews out all the other Democratic vice presidential candidates because they're partying and living it up and not taking their roles seriously."

"We don't want Fritz to look too much like a boy scout."

"Why not? The American people always believed their vice presidents were boy scouts. The Real Thing will portray Mondale as the most serious and most qualified of all those who ever had the office."

"Yeah, that's all well and good. But what about drama? How do we match a guy going into orbit from the top of a rocket?"

"The drama comes when President Jimmy Carter chooses Fritz over other members of his staff, and decides he will be the first American ever to attend the inauguration of a new chief of state of Sierra Leone."

"Fritz, cramped in Air Force One, sits waiting for the air controller's countdown. We cut to Joan nervously biting her nails. All systems are go and suddenly the 707 is streaking down the runway. The world, with bated breath, is waiting as it wings across the Atlantic Ocean. One of the engines starts giving trouble, and President Carter calls Mondale and asks him if he wants to abort the mission. But Fritz knows if he fails, the vice presidential program will be set back for years. He says he'll keep going. Finally, with barely enough fuel to make it, Air Force One sees the Sierra Leone runway and makes a perfect landing."

"When Fritz gets back to the U.S. he gets a ticker tape parade down Broadway. He has proven to the United States and the world he has 'The Real Thing.'"

"It sounds good to me. Does anyone know somebody in Hollywood who will make it?"

"Everybody will want to make it. How many pictures about former vice presidents have they produced in the last 10 years?"



Buchwald

At Lagos Market, It's Caveat Choo-Choo

By Clifford D. May
New York Times Service

LAGOS — Since coming to the Yaba railroad market two years ago, Omesah Boniface has followed the same routine almost every day: Arrive at 7:30 A.M., lay out the display of clothing and materials in the little stall and on boxes that spill out beyond, then wait for customers.

The only thing Boniface needs to remember is to keep an ear cocked for trains and to make sure that he, his customers and his goods are off the tracks by the time a choo-choo comes barreling through. "I don't know, I suppose you could say it's dangerous," Boniface acknowledged. "But we are watchful here and we know how to dodge."

In most cities, a place like the Yaba railroad market would probably be prohibited. In this most laissez-faire capital, however, hardly anyone gives it a second thought.

The market consists of about 100 wood, cinderblock and corrugated metal stalls pressed close against either side of a half-mile stretch of tracks near the station at Yaba, a congested neighborhood of crumbling buildings crisscrossed by open sewers and blotched by hills of rubbish.

From the stalls, Boniface and other merchants spread their wares onto the rails, where the customers, well-heeled and down-at-the-heel alike, browse and haggle. Traders who have no stalls just set up folding tables.

There are shirts and pants, shoes and socks for sale, as well as sheets, pillowcases, towels and brightly printed material by the yard. Soda, fruits, vegetables and bread are also sold on the tracks, and now and then a barber will give a customer a trim between the whistles of the trains.

When that whistle blows, the entrepreneurs quickly pick up their things and move off to one side — or at least to the next tracks over — until the train has passed.

At most markets in Lagos, the rental of a stall is as much as 100 naira, or \$135 at the official rate of exchange, and the rent may be demanded many months in advance. At Yaba, the space is practically free.



At Yaba market, trains may interrupt trading.

"Years ago the police would come and beat you and try to make you close down," said one trader. "Now we dash them a little," he said, using the local term for giving a bribe. "It still works out much cheaper to here than to rent a stall in Tejuoso or Jankara," he said, referring to two official markets.

Nearly all the traders at Yaba belong to the Ibo tribe, people from the region of Nigeria known for a time as Biafra. Many Ibos came to Lagos in search of a living after the Nigerian civil war at the end of the 1960s crushed the Biafran independence movement and left the region starving.

A few Ibos set up as textile merchants along the railroad tracks near the Yaba station, a convenient location for many commuters. Other Ibo traders joined them, and before long Yaba won a reputation as a bargain-hunter's paradise.

"Everything is much cheaper here," said John Bolingo, a merchant. "See this shirt? In a shop it would cost you 35 naira. But here? Twenty-two naira. Maybe I should even sell it to you for 20. That's why everybody comes to Yaba. Senators, legislators, all kinds of officials."

Other traders in Lagos make their living in an equally thrifty but no less precarious fashion, selling such goods as smugles, video and audio cassettes, fruit, biscuits and magazines on the highways during the city's notorious traffic jams.

"Most of those boys are Ibos, too," said Arthur Uchebo, a Yaba textile trader. "It's a risky business, but we are an industri-

ous people and used to fighting to survive."

A British diplomat said that when he first arrived in Lagos he avoided the traffic traders. "I thought they'd probably take my money and run or something," he said. "But it's just the opposite: They run after you to give you your change. It must be a sort of code of honor among them. And it's a bloody convenient way to shop."

There is some disagreement about just how perilous it is to be a roadside or railroad track salesman. "People get killed here sometimes," said Chief Patrick Azazi, the stationmaster at Yaba. But he could not recall the last time anyone had been hit by a train.

"The people who say it's dangerous are just trying to get rid of us," Uchebo said. "We know what we're doing. We know when the trains are coming and we have no trouble getting out of the way. And what if it is dangerous? Where else are we to go? This is our livelihood. We have no other."

PEOPLE
\$5-Million 'Apology'

John Lennon's widow, Yoko Ono, says she wants to apologize for the human race — so she's giving away \$5 million worth of cash and properties and other charities. Ono, whose husband was murdered almost three years ago, said her action was prompted by violence in the world, including Lebanon.

"I wish to make a plea to all governments to give back to people, including the soldiers, the right to die a natural death, and to work toward a world in which courage and wisdom are used to survive together," she said in a statement. The properties include a 22.5-acre (nine-hectare) waterfront land-

mark mansion and estate in Virginia, the 25-acre Isle of Dominica, Ireland, a 128-acre waterfront plantation and 1803 brick mansion in Virginia, and a collection of lithographs by Lennon.

Fifty former prisoners of war who helped build what is popularly known as the bridge over the River Kwai under the Japanese in World War II held a reunion at London's Imperial War Museum on the 40th anniversary of the opening of the Burma to Siam "death railway" to mark the publication of a previously secret diary about life in Japanese labor camps between 1942 and 1945. The Kwai bridge — actually two bridges over the Mae Klong River in Burma — was part of the railway. The diary was written by a British medical officer, Dr. Robert Hardie, who died in 1973 and opposed publication of his diary because he did not want his work associated with the 1957 film "The Bridge over the River Kwai."

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Two Frenchmen, Charles Costard and Joël Descamps, made the first ascent of the Eiffel Tower by motorcycle Wednesday, jolting up the tower's 746 steps on 310cc cross-country bikes to the second level 115 meters (379 feet) above street level. Higher reaches of the

recently renovated 320-meter tower are accessible only by elevator. Since being opened in 1889, the tower has been scaled by people on stilts, by the mayor of Montmartre on a bicycle and by climbers, but the latest stunt was the first ascent by motorized vehicles.

The TV newsmen Walter Cronkite, the baseball player Hank Aaron, the dancer Martha Graham, the writer James Michener and the scientist James Smith have been named U.S. "National Treasures" by Family Weekly magazine.

King Fahd of Saudi Arabia has been fined the equivalent of \$440 for irregularities in a private landing pier under construction at a palace he owns at Marbella, Spain. Town hall sources said some common-law charges should have been brought and suggested it should have come to 5 percent of the \$300,000 project.

Bob Hope, 80, who has more than 40 honorary doctorates, will teach four courses on comedy next spring, probably in March, as a visiting professor at Southern Methodist University in Dallas. Hope's close association with the private university dates from a performance there in the 1930s with Gypsy Allen, Fast Eddie, and a woman for the Meadows School of the Arts at SMU, said Hope would be a distinguished visiting professor with lifetime tenure.

Salvador Dali, 79, has decided to create a foundation to take charge of his collection of 800 of his works after his death, his attorney said Wednesday. The Surrealist painter has been ill and has lived in seclusion at his castle near Figueras in Spanish Catalonia since the death last year of his wife, Gala. The lawyer, Miguel Domenech, said the collection, worth about \$20 million, would be housed in Figueras at an annex to the Dali Museum. Meanwhile, in Paris, the COFI perfume company unveiled a Dali perfume in a limited edition of 5,000 signed crystal bottles — at \$3,000 each. The bottle is in the form of the lips and nose of Aphrodite from Dali's "Apparition of the Face of Aphrodite in a Landscape."

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